

Registered Number 4090218

BMB Group Limited
Annual report and financial statements
for the year ended 29 March 2003



BMB Group Limited

Annual report and financial statements for the year ended 29 March 2003

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BMB Group Limited

Directors' report for the year ended 29 March 2003

The directors present their report and the audited financial statements of the company and the group for the year to 29 March 2003.

Principal activities

The group's principal activities are concession retailing and wholesaling of men's formalwear (operating from locations within the UK, Bermuda, USA, Eire, Germany, Italy, Channel Islands, Isle of Man and Belgium) and concession retailing and providing the sourcing and supply of men's and ladies casualwear for branches within the UK of Sainsbury's Supermarkets Limited. The results of all of these operations are incorporated within these financial statements.

Review of business and future developments

BMB Menswear Limited

The men's formalwear business performed in line with budget during the year to 29 March 2003.

At the end of the first half of the current financial year the directors are pleased to report that sales are ahead of budget.

Subsequent to the year end and following the 2001 disposal of three wholesale brands for the independent sector, BMB Menswear Limited has disposed of the wholesale brand, Gibson and the wholesale bespoke made to measure business (which also served the independent retail sector) to Stuncroft Limited. The associated assets were sold at net book value. In addition, commission income of £1.3 million was receivable. As a condition of the sale Peter Lucas was required to become a non executive Director and act in the capacity of non executive Chairman of Stuncroft Brands Ltd.

A post year end review of operations at the Goole factory has resulted in plans to further down-size this operation with effect from the autumn of 2003.

Also subsequent to the year end the company has opened a significant number of concession operations with a leading UK department store group and has re-launched the Limehaus casual wear brand.

BMB Apparel Limited

The business has continued to develop throughout the year, trading in 50 Sainsburys stores at the close of the year.

In December 2002 the fixtures and fittings in Sainsbury's stores were sold to Sainsbury's Supermarkets Limited at net book value. At the same time Sainsbury's purchased the fixtures and fittings held under operating leases and the liability under the leases was discharged.

Subsequent to the year end the business has entered into a new arrangement with Sainsbury's, signing an agreement to 2006 to source and supply clothing product to the Sainsbury's business as an agent and under which all stock was sold to Sainsbury's at net book value.

BMB Group Limited

Directors' report for the year ended 29 March 2003 (continued)

Review of business and future developments (continued)

BMB Group Limited

On 13 March 2002 LFCF Investment 1 (Europe) Limited ('LFCF') acquired a 3.665% holding in BMB Group Limited. On the same date LFCF also entered into agreements with three of the directors, Harold Tillman, Peter Lucas and Andrew MacKenzie whereby each director granted an option to LFCF to acquire 5,810 'A' shares, 9,475 'B' shares and 1,000 'C' shares of their respective shares in BMB Group Limited. The consideration for the granting of these options were loans to the company amounting to £3.2 million in total. Under the terms of the option agreements these loans were assigned to the directors upon exercise of the options to acquire the shares on 8 January 2003.

During the year the group has also changed clearing banks thus providing additional facilities in support of those offered by its primary lender, GMAC Commercial Credit Limited.

Results and dividends

The group's profit for the year after taxation is £4,979,000 (2002: loss of £719,000). The directors do not recommend payment of a final dividend (2002: £Nil).

Directors and their interests

The directors that held office during the year are given below:

Peter Lucas
Andrew M MacKenzie
Harold P Tillman
Mark MS Cotter
Giles WA Hefer
Paul Stonehouse (appointed on 1 April 2002)

The directors' interests in the share capital of the company were:

	29 March 2003	30 March 2002
Peter Lucas	37,025 B ordinary shares of 1p each	46,500 B ordinary shares of 1p each
Andrew M MacKenzie	4,000 C ordinary shares of 1p each	5,000 C ordinary shares of 1p each
Harold P Tillman	37,025* A ordinary shares of 1p each	42,835* A ordinary shares of 1p each

* Includes shares held indirectly.

None of the other directors had any interest in the share capital of the company during the year.

BMB Group Limited

Directors' report for the year ended 29 March 2003 (continued)

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through internal newsletters, briefing groups and electronic communications.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group and of the profit or loss and cash flows of the group for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently as explained on pages 9 to 11 under 'Accounting Policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 29 March 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 15 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board



JD Marby

Secretary

8 December 2003

BMB Group Limited

Independent auditors' report to the members of BMB Group Limited

We have audited the financial statements which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the statement of accounting policies and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come, save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the group and the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 29 March 2003 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Leeds

7 December 2003

BMB Group Limited

Consolidated profit and loss account for the year ended 29 March 2003

	Notes	2003			16 months ended 30 March 2002		
		Before exceptional items and goodwill £'000	Exceptional items and goodwill (Note 7) £'000	Total £'000	Before exceptional items and goodwill £'000	Exceptional items and goodwill (Note 7) £'000	Total £'000
Turnover	1	106,743	-	106,743	129,576	-	129,576
Cost of sales		(77,290)	-	(77,290)	(98,032)	(275)	(98,307)
Gross profit/(loss)		29,453	-	29,453	31,544	(275)	31,269
Distribution costs		(20,845)	-	(20,845)	(25,162)	-	(25,162)
Administrative expenses		(7,257)	835	(6,422)	(7,902)	2,942	(4,960)
Other operating income		200	3,902	4,102	203	1,026	1,229
Operating profit/(loss)	2	1,551	4,737	6,288	(1,317)	3,693	2,376
Interest receivable and similar income		11	-	11	41	-	41
Interest payable and similar charges	6	(1,433)	-	(1,433)	(1,860)	(1,186)	(3,046)
Profit/(loss) on ordinary activities before tax		129	4,737	4,866	(3,136)	2,507	(629)
Tax	8	113	-	113	(90)	-	(90)
Retained profit/(loss) for the financial year	21	242	4,737	4,979	(3,226)	2,507	(719)

All items dealt with in arriving at operating profit above relate to continuing operations.

There is no difference between the profit/(loss) on ordinary activities before tax and the retained profit/(loss) for the year stated above and their historical cost equivalents.

Consolidated statement of total recognised gains and losses

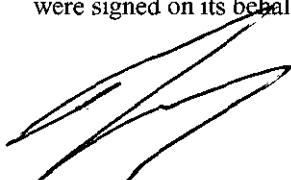
	Notes	Year ended 29 March 2003 £'000	16 months ended 30 March 2003 £'000
Profit/(loss) for the financial year		4,979	(719)
Exchange adjustments offset in reserves	21	(110)	(16)
Total recognised gains/(losses) for the year		4,869	(735)

BMB Group Limited

Balance sheets as at 29 March 2003

	Notes	Group 2003 £'000	Company 2003 £'000	Group 2002 £'000	Company 2002 £'000
Fixed assets					
Intangible assets - negative goodwill	10	(1,393)	-	(2,228)	-
Tangible assets	11	3,073	-	4,385	-
		1,680	-	2,157	-
Current assets					
Stock	13	24,786	-	24,905	-
Debtors	14	12,221	15	7,965	1,337
Cash collateral	15	1,580	680	210	-
Cash at bank and in hand		279	2	50	1,217
		38,866	697	33,130	2,554
Creditors - amounts falling due within one year	16	(20,905)	(385)	(19,837)	(852)
Net current assets		17,961	312	13,293	1,702
Total assets less current liabilities		19,641	312	15,450	1,702
Creditors - amounts falling due after more than one year	17	(15,506)	(3,200)	(16,168)	(3,200)
Provisions for liabilities and charges	19	-	-	(16)	-
Net assets/(liabilities)		4,135	(2,888)	(734)	(1,498)
Capital and reserves					
Called up share capital	20	1	1	1	1
Profit and loss account	21	4,134	(2,889)	(735)	(1,499)
Equity shareholders' funds/(deficit)	22	4,135	(2,888)	(734)	(1,498)

The financial statements on pages 5 to 33 were approved by the board of directors on 8 December 2003 and were signed on its behalf by:


Peter Lucas
Director

BMB Group Limited

Consolidated cash flow statement for the year ended 29 March 2003

	Notes	2003 £'000	2002 £'000
Net cash (outflow)/inflow from operating activities	23	(625)	6,432
Returns on investment and servicing of finance			
Interest element of finance leases		(30)	(63)
Interest received		11	41
Interest paid		(1,034)	(1,297)
Debt issue costs paid		(277)	(1,839)
		(1,330)	(3,158)
Taxation		(37)	(52)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,140)	(2,510)
Sale of tangible fixed assets		1,362	134
		222	(2,376)
Acquisitions			
Purchase of businesses and subsidiary undertakings		-	(19,089)
Net cash acquired with businesses and subsidiary undertakings		-	219
		-	(18,870)
Net cash outflow before use of liquid resources and financing		(1,770)	(18,024)
Management of liquid resources			
Increase in deposits held by bank as collateral	15	(1,370)	(210)
Financing			
Issue of ordinary share capital		-	1
Capital element of finance lease payments		(249)	420
Bank loans and receivables financing		1,053	13,205
Other loans		(500)	3,700
Net cash inflow from financing		304	17,326
Decrease in cash	24,25	(2,836)	(908)

BMB Group Limited

Accounting policies

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which the directors have adopted within that convention, are set out below.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and all its subsidiary undertakings made up to 29 March 2003. The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

Fixed assets

The cost of tangible fixed assets is their original purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight line basis over their estimated economic lives. The estimated economic lives used for this purpose are:

Short leasehold properties	over the lease term
Plant and machinery	4 to 10 years
Fixtures and fittings	3 to 10 years

Negative goodwill and intangible assets

Negative goodwill arising on acquisition of subsidiary undertakings and businesses is included in fixed assets and represents the difference between the fair value of the assets acquired and the fair value of the consideration given plus associated acquisition costs. Negative goodwill is released to the profit and loss account in the period in which the acquired non-monetary assets are recovered through depreciation or sale.

Investments in subsidiary undertakings

The cost of investments in subsidiary undertakings is recorded as cash paid and any further costs connected with the acquisition. Provision is made where necessary to reduce the carrying value of an investment to its estimated recoverable amount where in the opinion of the directors there has been an impairment.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date or at the agreed contractual rate. Transactions in foreign currency are translated at the agreed contractual rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

For consolidation purposes the assets and liabilities of overseas subsidiaries are translated at the rates ruling at the balance sheet date. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Exchange differences arising on these translations are taken to reserves.

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Accounting policies (continued)

Leases

Leasing agreements and hire purchase contracts which transfer to the company substantially all the benefits and risks of ownership of an asset ("finance leases") are treated as if the asset had been purchased outright. Assets held under such agreements are included in fixed assets and the capital element of commitments is shown as obligations under finance leases. Payments under such agreements are treated as consisting of capital and interest elements. The interest element is charged to the profit and loss account over the primary lease period in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

All other leases are treated as operating leases, the costs of which are charged on a straight line basis over the lease term.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on an average cost basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and an appropriate proportion of production overheads based on the normal level of activity. Net realisable value is based on estimated selling price less further costs to be incurred to completion and disposal. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Pensions

The company operates a defined benefit pension scheme for the benefit of certain of its employees, the assets of which are held separately from those of the company in independently administered funds. The fund is valued every three years by a professionally qualified actuary, the rates of contribution being determined by the actuary. The cost of providing pensions and related benefits is charged to the profit and loss account over the periods benefiting from the employees' services. The effect of variations from regular cost is spread over the expected average remaining service lives of the scheme members. Entry into the defined benefit pension scheme has currently been closed.

The company also operates a defined contribution pension scheme which employees are eligible to join after completing three months service. The costs relating to this scheme are charged to the profit and loss account as they fall due.

Contributions are also made to the personal pension plans of certain employees. The expenditure is charged to the profit and loss account as incurred.

Post-retirement benefits

The company provides no other post-retirement benefits to its employees.

Turnover

Turnover represents the invoiced value of goods and services supplied to third parties, before concession fees and excluding value added tax and trade discounts. Turnover is recognised once the title of the relevant goods has passed or services have been performed.

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Accounting policies (continued)

Taxation

The charge for taxation is based on the results for the period. In accordance with FRS 19, deferred taxation has been recognised as a liability or asset if transactions have occurred by the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

Receivables financing

The gross amount of trade debtors is shown in the balance sheet within assets with a corresponding liability in respect of proceeds received from the financing company shown within liabilities. Interest and charges have been accrued and included within the profit and loss account.

Borrowings

All borrowings are initially stated at the fair value of the consideration received after deduction of issue costs. Issue costs together with finance costs are charged to the profit and loss account on a straight line basis over the term of the borrowings.

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Notes to the financial statements for the year ended 29 March 2003

1 Segmental reporting

The company's turnover and operating profit/(loss) relate entirely to its principal activity. The geographical analysis of turnover by destination is:

	2003 £'000	16 months ended 30 March 2002 £'000
United Kingdom	100,167	122,679
Rest of Europe	2,313	1,910
Far East	310	101
North America	3,115	4,212
Rest of the World	838	674
	106,743	129,576

2 Operating profit/(loss)

	2003 £'000	16 months ended 30 March 2002 £'000
Operating profit/(loss) is stated after charging/(crediting):		
Depreciation of tangible fixed assets		
- owned assets	911	1,121
- leased assets	184	226
Amortisation of goodwill - discount on acquisition	(835)	(4,842)
Operating lease charges		
- plant and machinery	910	1,268
- other	1,110	1,295
(Loss)/profit on disposal of fixed assets	12	(18)
Auditors remuneration		
- audit services	43	43
- non-audit services	22	23

Auditors' remuneration charged in the profit and loss account of the holding company amounted to £Nil (2002: £Nil).

BMB Group Limited

Notes to the financial statements for the year ended 29 March 2003 (continued)

3 Directors' emoluments

	2003 £'000	16 months ended 30 March 2002 £'000
Aggregate emoluments	816	818
Sums paid to third parties for directors' services	85	90
	901	908

Retirement benefits are accruing to 4 (2002: 3) directors under a defined benefit pension scheme.

Highest paid director	2003 £'000	16 months ended 30 March 2002 £'000
Aggregate emoluments	277	329
Defined benefit pension scheme:		
- Accrued pension at end of year	96	88

4 Employee costs

	2003 £'000	16 months ended 30 March 2002 £'000
Wages and salaries	16,657	22,927
Social security costs	1,238	1,734
Other pensions costs (note 26)	693	709
Staff costs	18,588	25,370

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Notes to the financial statements for the year ended 29 March 2003 (continued)

5 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2003 £'000	16 months ended 30 March 2002 £'000
Production	120	135
Distribution	1,052	1,001
Administration	107	117
	1,279	1,253

6 Interest payable and similar charges

	2003 £'000	16 months ended 30 March 2002 £'000
Interest payable on bank loans, overdrafts and amounts owed in respect of receivables financing	1,040	1,215
Other interest (receivable)/payable	(6)	82
Interest payable on finance leases	30	63
Debt administration costs	277	378
Amortisation of debt issue costs	92	122
Total interest and similar charges payable before exceptional items	1,433	1,860
Exceptional items (note 7)	-	1,186
Total interest payable and similar charges	1,433	3,046

BMB Group Limited

Notes to the financial statements for the year ended 29 March 2003 (continued)

7 Exceptional items and goodwill

	Cost of sales £'000	Administrative expenses £'000	Other operating income £'000	Interest payable & similar charges £'000	Total £'000
2003					
Contribution to trading expenditure	-	3,902	-	-	3,902
Release of negative goodwill (note 10)	-	835	-	-	835
	-	4,737	-	-	4,737
16 months ended 30 March 2002					
Redundancy and other costs associated with reorganisation of the ongoing business	(275)	-	-	-	(275)
Release of negative goodwill (note 10)	-	4,842	-	-	4,842
Pre-trading development start-up costs	-	(1,900)	-	-	(1,900)
Wholesale brands commission income	-	-	1,026	-	1,026
Additional financing charges and fees for a short term facility	-	-	-	(1,186)	(1,186)
	(275)	2,942	1,026	(1,186)	2,507

£3,902,000 was agreed with Sainsbury's Supermarkets Limited as a contribution to the costs incurred by BMB Apparel Limited since the commencement of the provision of services to Sainsbury's in April 2001.

The redundancy and other costs associated with reorganisation of the ongoing business related to the refocusing of the operations at the Goole manufacturing facility. The decision was made by the board and publicly announced before 30 March 2002 and the reorganisation was completed in June 2002.

Pre-trading development start-up costs of £1,900,000 were incurred before the first branch of Jeff & Co clothing was introduced at Sainsbury's in Dunstable. The directors charged all of these costs into the results for the period to 30 March 2002 rather than amortising them over a longer period of time.

On 25 May 2001 the group received exceptional commission income in respect of wholesale brands of £1,026,000.

Subsequent to the offer of financing facilities by GMAC Commercial Finance plc for the purchase of the Baird Menswear Brands business, the value of net assets acquired necessitated the need for a short term additional facility. As a result GMAC levied additional charges and fees for making this short term facility available. This short term facility was repaid in January 2001.

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Notes to the financial statements for the year ended 29 March 2003 (continued)

8 Tax

The taxation (credit)/charge based on the loss before tax comprises:

	2003 £'000	16 months ended 30 March 2002 £'000
Current tax:		
UK corporation tax on the result of the period	-	37
Adjustment in respect of previous periods	(37)	-
Foreign tax	-	37
	(37)	74
Deferred tax		
Accelerated capital allowances and other timing differences	(76)	16
	(113)	90

The tax assessed for the year is different from the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2003 £'000	2002 £'000
Profit/(loss) on ordinary activities before taxation	4,866	(629)
Profit/(loss) on ordinary activities multiplied by the standard rate in the UK 30% (2002: 30%)	1,460	(189)
Effects of:		
Expenses not deductible for tax purposes	66	77
Deferred tax asset on trading losses not recognised	-	1,638
Utilisation of tax losses not previously recognised	(1,248)	-
Adjustment in respect of foreign tax rates	-	17
Release of negative goodwill not taxable	(251)	(1,453)
Accelerated capital allowances and other timing differences (current year)	(27)	(16)
Adjustment to tax charge in respect of previous period	(37)	-
Current tax (credit)/charge	(37)	74

As at 29 March 2003, the group had unutilised tax losses of approximately £185,000 (2002: £5,460,000) available for offset against future profits from the same trade.

Deferred taxation liabilities and assets have not been discounted.

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Notes to the financial statements for the year ended 29 March 2003 (continued)

9 Loss for the financial period

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's loss for the year was £1,390,000 (2002: £1,499,000).

10 Intangible assets – negative goodwill

The company has no intangible fixed assets. Details of those relating to the group are as follows:

	2003 £'000
Balance at 30 March 2002	(2,228)
Released to profit and loss account in the period	835
Balance at 29 March 2003	(1,393)

On 8 December 2000, BMB Menswear Limited, a wholly owned subsidiary of the company, acquired the entire issued share capital of Alexandre London Inc and Alexandre of England 1988 Limited and also the Baird Menswear Brands business from William Baird PLC for total consideration of £19,089,000, including costs.

Negative goodwill arose on the acquisition representing the difference between the consideration paid and the fair value of the assets acquired. £3,342,000 of negative goodwill was allocated against the fair value of the fixed assets acquired and is being released to the profit and loss account over a four year period (representing the average remaining life of the assets when acquired). The balance of the negative goodwill was allocated against the fair value of stock acquired and released to the profit and loss account in 2002 (reflecting the period during which the stock was sold).

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Notes to the financial statements for the year ended 29 March 2003 (continued)

11 Tangible assets

The company has no tangible fixed assets. Details of those relating to the group are as follows:

	Short leasehold properties	Plant and machinery	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 30 March 2002	200	4,299	6,229	10,728
Exchange adjustments	-	(5)	(4)	(9)
Additions	-	591	549	1,140
Disposals	-	(133)	(1,669)	(1,802)
At 29 March 2003	200	4,752	5,105	10,057
Accumulated depreciation				
At 30 March 2002	13	2,948	3,382	6,343
Exchange adjustments	-	(3)	(23)	(26)
Charge for the period	10	341	744	1,095
Disposals	-	(121)	(307)	(428)
At 29 March 2003	23	3,165	3,796	6,984
Net book amount				
At 29 March 2003	177	1,587	1,309	3,073
At 30 March 2002	187	1,351	2,847	4,385

The net book value of tangible fixed assets includes an amount of £330,000 (2002: £514,000) in respect of assets held under finance leases.

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Notes to the financial statements for the year ended 29 March 2003 (continued)

12 Investments

Investments represent the cost of investments in subsidiary companies as follows:

Cost and net book value	Shares in group undertakings £
At 29 March 2003 and 30 March 2002	3

Details of the group's subsidiary undertakings are provided below:

Name of undertaking	Country of incorporation and operation	Principal activity	Proportion of issued shares held	
			Group %	Company %
Shares in group undertakings:				
BMB Menswear Limited	England and Wales	Concession retailer and wholesaler	100%	100%
BMB Apparel Limited	England and Wales	Concession retailer	100%	100%
BMB Retail Limited	England and Wales	Dormant	100%	100%
Alexandre of England 1988 Limited	England and Wales	Dormant	100%	-
Alexandre London Inc	USA	Concession retailer	100%	-

13 Stock

	2003 £'000	Group 2002 £'000
Raw materials and consumables	408	452
Work in progress	913	799
Finished goods and goods for resale	23,465	23,654
	24,786	24,905

In the opinion of the directors the replacement value of stock does not differ materially from the book value.

The company has no stocks.

BMB Group Limited

Notes to the financial statements for the year ended 29 March 2003 (continued)

14 Debtors

	Group 2003 £'000	Company 2003 £'000	Group 2002 £'000	Company 2002 £'000
Trade debtors	8,202	-	6,638	-
Taxation	-	9	23	8
Amounts owed by group undertakings	-	-	-	1,325
Other debtors	309	6	309	-
Prepayments and accrued income	3,613	-	995	4
Corporation tax	37	-	-	-
Deferred tax asset (note 19)	60	-	-	-
	12,221	15	7,965	1,337

The trade debtors are assigned to a financing company (note 18).

Amounts owed by group undertakings represent amounts due from BMB Menswear Limited and are unsecured, interest free and have no fixed date of repayment.

Other debtors includes rental deposits on leasehold properties of £250,000 (2002: £250,000) which are recoverable after more than one year.

15 Cash collateral

	Group 2003 £'000	Company 2003 £'000	Group 2002 £'000	Company 2002 £'000
Held by Bank Leumi (UK)plc against the provision of a US\$2m LC in favour of Li & Fung (Trading) Limited	680	680	-	-
Held by GMAC Commercial Finance plc against the provision of a £2m guarantee to Bank Leumi (UK) plc for banking facilities	800	-	-	-
Held by Natwest Bank Plc as security against the provision of credit card facilities for use in the normal course of business	100	-	-	-
Held by Natwest Bank Plc as security against the provision of facilities to forward purchase foreign currencies for use in the normal course of business	-	-	210	-
	1,580	680	210	-

BMB Group Limited

Notes to the financial statements for the year ended 29 March 2003 (continued)

16 Creditors – amounts falling due within one year

	Group 2003 £'000	Company 2003 £'000	Group 2002 £'000	Company 2002 £'000
Bank overdrafts and amounts owed in respect of receivables financing (note 18)	5,919	115	1,206	-
Shareholders loans (note 18)	-	-	500	500
Trade creditors	12,206	-	15,499	47
Amounts owed to group undertakings	-	208	-	225
Finance leases (note 18)	166	-	256	-
Taxation and social security	1,642	31	644	28
Other creditors	256	14	334	9
Accruals and deferred income	716	17	1,361	43
Corporation tax	-	-	37	-
	20,905	385	19,837	852

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment.

17 Creditors – amounts falling due after more than one year

	Group 2003 £'000	Company 2003 £'000	Group 2002 £'000	Company 2002 £'000
Bank loans (note 18)	12,301	-	12,804	-
Finance leases (note 18)	5	-	164	-
Shareholders loans (note 18)	3,200	3,200	3,200	3,200
	15,506	3,200	16,168	3,200

BMB Group Limited

Notes to the financial statements for the year ended 29 March 2003 (continued)

18 Loans and other borrowings

	Group 2003 £'000	Company 2003 £'000	Group 2002 £'000	Company 2002 £'000
Bank overdrafts and amounts owed in respect of receivables financing	5,919	115	1,206	-
Bank loans	12,301	-	12,804	-
Shareholders loans	3,200	3,200	3,700	3,700
Finance leases	171	-	420	-
	21,591	3,315	18,130	3,700
Maturity of debt				
In one year or less, or on demand	6,085	115	1,962	500
In more than one year, but not more than two years	12,306	-	12,968	-
In more than two years, but not more than five years	3,200	3,200	3,200	3,200
In more than five years	-	-	-	-
	21,591	3,315	18,130	3,700

Group bank loans, overdrafts and amounts owed in respect of receivables financing are stated net of unamortised issue costs of £61,000 (2002: £153,000). The group incurred total issue costs of £275,000 in respect of the three year revolving credit facility entered into in December 2000 to finance the acquisition (note 10) and for working capital requirements. The issue costs are being amortised on straight-line basis over the three year term of the facility.

Bank overdrafts are repayable on demand and amounts owed in respect of receivable financing are repayable within 90 days of the invoice. The bank loans have been drawn down under the three year revolving credit facility dated 29 November 2000 between the group and GMAC Commercial Finance plc, supplemented by a deed of accession dated 23 May 2001.

Bank loans, overdrafts and amounts owed in respect of receivables financing are secured by a cross guarantee arrangement which created a first priority fixed and floating charge over the undertakings and assets of the company and all its subsidiaries. Interest is charged at rates from 1.25% over LIBOR for currency overdrafts and from 1.25% over Bank Leumi (UK) plc base rate for sterling overdrafts. Overdraft facilities are secured by a second priority fixed and floating charge over the undertakings and assets of the company and all its subsidiaries.

On 26 September 2003 the revolving credit facility with GMAC Commercial Finance plc was renewed for a further three years.

BMB Group Limited

Notes to the financial statements for the year ended 29 March 2003 (continued)

18 Loans and other borrowings (continued)

Of the Shareholders' loans at 30 March 2002, £500,000 was advanced by Harold Tillman, who is also a director of the company, in December 2000 to the group by means of a secured interest bearing loan as part of the funding necessary to acquire the business of Baird Menswear Brands. This loan together with accrued interest of £43,000 was repaid in full by the group on 19 April 2002.

The remaining £3,200,000 is due to the Directors (Harold Tillman £1,537,500 (2002: £Nil), Peter Lucas £1,537,500 (2002: £Nil) and Andrew MacKenzie £125,000 (2002: £Nil)) as explained in note 27. The loans are interest free until 31 December 2003 and thereafter accrue interest at base rate. The loans are repayable in full by 31 December 2005.

Finance leases

Future minimum payments under finance leases are as follows:

	2003 £'000	2002 £'000
Within one year	174	287
In more than one year, but not more than five years	5	173
After five years	-	-
Total gross payments	179	460
Less finance charges included above	(8)	(40)
	171	420

The company has no liabilities under finance leases.

19 Provisions for liabilities and charges

Group	Deferred tax £'000
At 30 March 2002	16
Credited to the profit and loss account	(76)
Transfer to deferred tax asset	60
At 29 March 2003	-

BMB Group Limited

Notes to the financial statements for the year ended 29 March 2003 (continued)

19 Provisions for liabilities and charges (continued)

	Group 2003 £'000	Group 2002 £'000
Deferred taxation provided in the accounts comprises		
Accelerated capital allowances	(39)	92
Other short term timing differences	-	9
Trading losses	(21)	(85)
Deferred tax (asset)/provision	(60)	16

At 29 March 2003, the group had an unprovided deferred tax asset of £35,000 (2002: £1,637,700) relating to trading losses. The full potential deferred tax asset has not been recognised due to the uncertainty of its ultimate recoverability.

The company had no deferred taxation liability at 29 March 2003 (2002: £nil).).

BMB Group Limited

Notes to the financial statements for the year ended 29 March 2003 (continued)

20 Called up share capital

Group and company

	2003 Number	2002 Number	2003 £	2002 £
Authorised				
A ordinary shares of 1p each	37,025	42,835	370	428
B ordinary shares of 1p each	37,025	46,500	370	465
C ordinary shares of 1p each	4,000	5,000	40	50
D ordinary shares of 1p each	2,000	2,000	20	20
E ordinary shares of 1p each	19,000	3,665	200	37
Unclassified shares of 1p each	12,000	12,000	120	120
			1,120	1,120
Allotted, called up and fully paid				
A ordinary shares of 1p each	37,025	42,835	370	428
B ordinary shares of 1p each	37,025	46,500	370	465
C ordinary shares of 1p each	4,000	5,000	40	50
D ordinary shares of 1p each	2,000	2,000	20	20
E ordinary shares of 1p each	19,950	3,665	200	37
			1,000	1,000

On 8 January 2003, options were exercised by LFCF Investment 1 (Europe) Limited to acquire 5,810 A ordinary shares, 9,475 B ordinary shares and 1,000 C ordinary shares from existing shareholders. Under the terms of the articles of association, these shares were all redesignated as E ordinary shares.

The A, B, C, D and E ordinary shares each constitute a separate class of shares and rank pari passu in all respects except that the consent of holders of all issued A, B and E ordinary shares is required to approve certain significant business matters. The holders of A, B and E ordinary shares also have the right to each appoint a director to the board.

Significant business matters include amending the articles of association, transactions not in the normal course of business and the creation or allotment of issue of shares.

BMB Group Limited

Notes to the financial statements for the year ended 29 March 2003 (continued)

21 Reserves

Group

	Profit and loss account
	£'000
At 30 March 2002	(735)
Retained profit for the financial year	4,979
Exchange differences	(110)
At 29 March 2003	4,134

Company

	Profit and loss account
	£'000
At 30 March 2002	(1,499)
Retained loss for the financial year	(1,390)
At 29 March 2003	(2,889)

22 Reconciliation of movements in shareholders' funds /(deficits)

	Group 2003 £'000	Company 2003 £'000	Group 2002 £'000	Company 2002 £'000
Profit/(loss) for the financial year	4,979	(1,390)	(719)	(1,499)
Exchange differences	(110)	-	(16)	-
Proceeds of ordinary shares issued for cash	-	-	1	1
Net reduction in shareholders' deficits	4,869	(1,390)	(734)	(1,498)
Opening shareholders funds	(734)	(1,498)	-	-
Closing shareholders' funds/(deficits)	4,135	(2,888)	(734)	(1,498)

BMB Group Limited

Notes to the financial statements for the year ended 29 March 2003 (continued)

23 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2003 £'000	2002 £'000
Operating profit	6,288	2,376
Depreciation	1,095	1,347
Amortisation of negative goodwill	(835)	(4,842)
Loss/(profit) on sale of fixed assets	12	(18)
Increase in stocks	38	(3,102)
Decrease in debtors	(4,205)	2,064
Increase in creditors	(3,018)	8,607
Net cash (outflow)/inflow from operating activities	(625)	6,432

24 Reconciliation of net cash flow to movement in net debt

	2003 £'000	2002 £'000
Decrease in cash	(2,836)	(908)
Cash inflow from increase in debt and lease financing	(304)	(17,325)
Cash outflow from increase in liquid resources	1,370	210
Change in net debt resulting from cash flows	(1,770)	(18,023)
Other non-cash changes	(92)	153
Movement in net debt in the year	(1,862)	(17,870)
Net debt at 30 March 2002	(17,870)	-
Net debt at 29 March 2003	(19,732)	(17,870)

BMB Group Limited

Notes to the financial statements for the year ended 29 March 2003 (continued)

25 Analysis of changes in net debt

	At 30 March 2002	Cash flow	Other non cash changes	At 29 March 2003
	£'000	£'000	£'000	£'000
Cash at bank and in hand	50	229	-	279
Overdrafts	(958)	(3,065)	-	(4,023)
	(908)	(2,836)	-	(3,744)
Debt due after one year	(16,004)	564	(61)	(15,501)
Debt due within one year	(748)	(1,117)	(31)	(1,896)
Finance leases	(420)	249	-	(171)
Cash collateral	210	1,370	-	1,580
	(16,962)	1,066	(92)	(15,988)
Total	(17,870)	(1,770)	(92)	(19,732)

Other non-cash changes comprise amortisation of issue costs relating to debt issue.

BMB Group Limited

Notes to the financial statements for the year ended 29 March 2003 (continued)

26 Pension commitments

The group operates a defined benefit scheme with assets held in a separately administered fund. In addition, some employees are members of a defined contribution scheme.

Defined benefit scheme

The defined benefit scheme is called the BMB Group Pension Scheme. The pension cost in relation to the BMB Group Pension Scheme is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The latest actuarial valuation of the scheme was performed as at 31 March 2001. The main actuarial assumptions used for accounting purposes were that the rate of return on investments would be 6.5% per annum, the rate of salary increase would be 4.5% per annum and the assumed rate of price inflation was 2.5% per annum. Assets were taken into account by smoothing their market value over the 12 months before the valuation. The effect of this method was to take assets into account at 106% of their market value.

At the date of the latest actuarial valuation, the market value of the assets of the scheme was £11.191 million and the actuarial value of those assets was sufficient to cover 115% of the benefits that had accrued to members, after allowing for future increases in earnings. The actuarial surplus is spread over the remaining expected service lives of the existing employees as a uniform percentage of their salaries. This amortisation partly offsets the regular cost of the scheme.

The total pension cost in respect of the BMB Group Pension Scheme for the year to 29 March 2003 was £675,000 (2002: £638,000).

As at 29 March 2003 there were no outstanding or prepaid pension contributions (2002: £Nil).

As noted above, the SSAP 24 valuation carried out as at 31 March 2001 resulted in a pension surplus, which would give rise to a credit to the profit and loss account in the current year of £229,000 and a closing prepayment of the same amount. However in light of the recent valuation performed for FRS 17 purposes, the directors believe that the market value of assets has fallen such that the surplus giving rise to the credits no longer exists and therefore it is no longer appropriate to account for the SSAP 24 adjustment. The company has therefore accounted for pension contributions on a cash accounting basis, as the directors believe this more fairly reflects the actual position.

Defined contribution scheme

A Stakeholder pension scheme exists for all employees who are not covered by the defined benefit scheme above. Prior to the establishment of this scheme, employees were covered for pension benefits by the Group's continued participation in the money purchase section of the Baird Group Pension Scheme. The total contributions paid to the BMB Stakeholder scheme in the year ended 29 March 2003 were £18,000. In the period ended 30 March 2002 contributions of £71,000 were made to the BMB Stakeholder scheme and the Baird Group Pension Scheme.

BMB Group Limited

Notes to the financial statements for the year ended 29 March 2003 (continued)

26 Pension commitments (continued)

Additional disclosures required under FRS 17

A full actuarial valuation was undertaken of the defined benefit scheme on 31 March 2001 and updated to 31 March 2003 in accordance with FRS 17 by a qualified actuary. The major assumptions used by the actuary were:

	2003	2002
Rate of increase in pensionable salaries	4.6% *	4.8%
Pension increases	2.6%	2.8%
Discount rate	5.4%	5.9%
Inflation assumption	2.6%	2.8%

* At 31 March 2003 this assumption is limited to 2.6% per annum for the first three years after 31 March 2003.

The assets in the Scheme and the expected rates of return were:

	Long term rate of return expected at 29 March 2003 %	Value at 29 March 2003 £'000	Long term rate of return expected at 30 March 2002 %	Value at 30 March 2002 £'000
Assets				
Equities	7.5%	8,919	7.5%	11,468
Other assets	5.4%	588	n/a	-
Total market value of assets		8,779		11,468
Present value of liabilities		15,265		(13,524)
Deficit in the scheme		(6,486)		(2,056)
Related deferred tax asset		1,946		617
Net pension liability		(4,540)		(1,439)

BMB Group Limited

Notes to the financial statements for the year ended 29 March 2003 (continued)

26 Pension commitments (continued)

If the above amounts had been recognised in the financial statements, the group's net assets and profit and loss reserve would be as follows:

	2003 £'000	2002 £'000
Net assets/(liabilities) excluding pension liability	4,135	(734)
Pension liability	(4,540)	(1,439)
Net liabilities including pension liability	(405)	(2,173)

	2003 £'000	2002 £'000
Profit and loss account reserve excluding pension liability	4,134	(735)
Pension liability	(4,540)	(1,439)
Profit and loss reserve including pension liability	(406)	(2,174)

The following amounts would have been recognised in the profit and loss account and statement of total recognised gains and losses in the year ended 29 March 2003 under the requirements of FRS 17.

	2003 £'000
Operating profit	
Current service cost	691
Past service cost	-
Total operating charge	691

	2003 £'000
Other finance income	
Expected return on pension scheme assets	895
Interest on pension scheme liabilities	(826)
Net return	69

BMB Group Limited

Notes to the financial statements for the year ended 29 March 2003 (continued)

26 Pension commitments (continued)

	2003 £'000
Statement of total recognised gains and losses	
Actual return less expected return on pension scheme assets	(4,246)
Experience gains and losses arising on scheme liabilities	(12)
Changes in assumptions underlying the present value of the scheme liabilities	(214)
Actuarial loss recognised in STRGL	(4,472)

Movement in deficit during the year:

	2003 £'000
Deficit in scheme at beginning of the year	(2,056)
Movement in the year:	
Current service cost	(691)
Contributions	664
Other finance income	69
Actuarial loss	(4,472)
Deficit in scheme at end of the year	(6,486)

History of experience gains and losses

	2003
Difference between the expected and actual return on scheme assets	
Amount (£'000)	(4,246)
Percentage of scheme assets (%)	(48.37)
Experience gains and losses on scheme liabilities	
Amount (£'000)	(12)
Percentage of the present value of scheme liabilities (%)	(0.08)
Total amount recognised in the statement of total recognised gains and losses	
Amount (£'000)	(4,472)
Percentage of the present value of scheme liabilities (%)	(26.29)

BMB Group Limited

Notes to the financial statements for the year ended 29 March 2003 (continued)

27 Related party transactions

FRS 8 provides an exemption whereby related party transactions which eliminate on consolidation do not require disclosure in group accounts. The group has taken advantage of this exemption. Other related party transactions are detailed below.

Harold Tillman being a director of the company is also a shareholder of IBIS 227 Limited, a company to which the group has paid £85,000 for services provided by IBIS 227 Limited to Harold Tillman in connection with his duties as a director of BMB Group Limited.

In December 2000 Harold Tillman obtained a loan of £500,000, which he advanced to the group by means of a secured interest bearing loan as part of the funding necessary to acquire the business of Baird Menswear brands. This loan together with accrued interest of £43,000 was repaid in full by the group on 19 April 2002.

On 13 March 2002 LFCF Investment 1 (Europe) Limited ('LFCF') acquired a 3.665% holding in BMB Group Limited. On the same date LFCF also entered into agreements with three of the directors, Harold Tillman, Peter Lucas and Andrew MacKenzie whereby each director granted an option to LFCF to acquire 5,810 'A' shares, 9,475 'B' shares and 1,000 'C' shares of their respective shares in BMB Group Limited. The consideration for the granting of these options were loans to the company amounting to £3.2 million in total. Under the terms of the option agreements these loans were assigned to the directors upon exercise of the options to acquire the shares on 8 January 2003.

Giles Hefer was appointed as a director of the company on 11 March 2002. He is also a director of Pinstripe Sourcing Limited and Li & Fung (Trading) Limited, which respectively act as garment sourcing agents on normal commercial terms for BMB Menswear Limited and BMB Apparel Limited, wholly owned trading subsidiaries of BMB Group Limited. The commission charged to the accounts for the period is £1,101,000 of which £199,000 is outstanding at the 29 March 2003 (2002 £47,888, all of which was outstanding).

28 Contingent liabilities

At 29 March 2003 the group had contingent liabilities of £Nil (2002: £137,000) in respect of guarantees given to cloth manufacturers against possible non-payment for cloth by garment manufacturers.

The company is a participant in a group banking arrangement and has given cross-guarantees which created fixed and floating charges over all the assets of the company. As at 29 March 2003 the maximum liability for the group under this arrangement was £17,407,000 (2002: £13,205,000).

At 30 March 2002 the company had entered into option contracts to purchase foreign contracts. The maximum liability under these arrangements was £2,095,000. There were no such contracts in place at 29 March 2003.

BMB Group Limited has a contingent liability up to a maximum of £400,000 relating to an indemnity given to Sainsbury's Supermarkets Limited with regard to any claim that Mr Jeff Banks or HQ Design Limited may bring against Sainsbury's Supermarkets Limited in respect of an agreement between BMB Menswear Limited and Sainsbury's Supermarkets Limited dated 26 March 2003.

BMB Group Limited

Notes to the financial statements for the year ended 29 March 2003 (continued)

29 Post balance sheet events

Subsequent to the year end and following the 2001 disposal of three wholesale brands for the independent sector, BMB Menswear Limited has disposed of the wholesale brand, Gibson and the wholesale bespoke made to measure business (which also served the independent retail sector) to Stuncroft Limited. The associated assets were sold at net book value. In addition, commission income of £1.3 million was receivable. As a condition of the sale Peter Lucas was required to become a non executive Director and act in the capacity of non executive Chairman of Stuncroft Brands Ltd.

Subsequent to the year end, BMB Apparel Limited has entered into a new arrangement with Sainsbury's, signing an agreement to 2006 to source and supply clothing product to the Sainsbury's business as an agent and under which all stock was sold to Sainsbury's at net book value.

30 Capital commitments

There were no capital commitments at 29 March 2003 (2002: £nil).

31 Financial commitments

At 29 March 2003 the group had annual commitments under non-cancellable operating leases expiring as follows:

	2003		2002	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Within one year	-	81	-	751
Within two to five years	26	267	26	646
After five years	1,042	-	1,042	-
	1,068	348	1,068	1,397

32 Controlling party

The directors do not consider that the company has any ultimate controlling party.