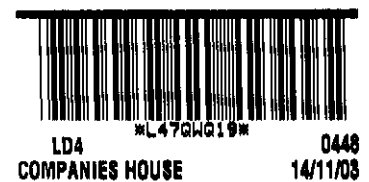


Registration number 3271008

C.L. Clothing International Limited
Director's report and financial statements
for the year ended 31st December 2002

Geo. Little Sebire & Co.
Chartered Accountants



C.L. Clothing International Limited

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C.L. Clothing International Limited

Director's report for the year ended 31st December 2002

The director presents his report and the financial statements for the year ended 31st December 2002.

Principal activity and review of the business

The principal activity of the company is dealing in ladies fashionware.

Results and dividends

The results for the year are set out on page 4.

The director has paid an interim dividend amounting to £335,500 and he does not recommend payment of a final dividend.

Director and his interest

The director who served during the year and his interest in the company are as stated below:

	Ordinary shares	
	31/12/02	01/01/02
C. Lawaczeck	750	750
The Director has a beneficial interest in a further 250 shares held by his wife, F.J.M. Lawaczeck.		

Director's responsibilities

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the director is required to:

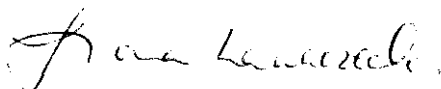
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Geo. Little Sebire & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 31/10/03 and signed on its behalf by



F.J.M. Lawaczeck
Secretary

C.L. Clothing International Limited

Independent auditors' report to the shareholders of C.L. Clothing International Limited

We have audited the financial statements of C.L. Clothing International Limited for the year ended 31st December 2002 which comprise the profit and loss account, the balance sheet, cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or the opinions we have formed.

Respective responsibilities of director and auditors

As described in the statement of director's responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 director 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 director's remuneration and transactions with the company is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, 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.

C.L. Clothing International Limited

Independent auditors' report to the shareholders of C.L. Clothing International Limited continued

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Geo. Little Sebire & Co.
Chartered Accountants and
Registered auditors
Date: 31/10/03

Victoria House
64 Paul Street
London
EC2A 4TT

C.L. Clothing International Limited

**Profit and loss account
for the year ended 31st December 2002**

		Continuing operations	
		2002	2001
	Notes	£	£
Turnover	2	15,849,013	15,461,200
Cost of sales		(14,753,412)	(14,549,704)
Gross profit		<u>1,095,601</u>	<u>911,496</u>
Administrative expenses		(458,832)	(424,306)
Other operating income		<u>1,000</u>	<u>2,250</u>
Operating profit	3	<u>637,769</u>	<u>489,440</u>
Other interest receivable and similar income	4	40,501	50,036
Interest payable and similar charges	5	<u>(17,887)</u>	<u>(33,985)</u>
Profit on ordinary activities before taxation		660,383	505,491
Tax on profit on ordinary activities	7	<u>(179,943)</u>	<u>(134,840)</u>
Profit on ordinary activities after taxation		480,440	370,651
Dividends	8	(335,500)	(325,000)
Retained profit for the year		<u>144,940</u>	<u>45,651</u>
Retained profit brought forward		<u>650,425</u>	<u>604,774</u>
Retained profit carried forward		<u><u>795,365</u></u>	<u><u>650,425</u></u>

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 7 to 13 form an integral part of these financial statements.

C.L. Clothing International Limited

**Balance sheet
as at 31st December 2002**

		2002		2001	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		13,149		26,331
Current assets					
Stocks	10	44,349		18,052	
Debtors	11	1,185,037		883,670	
Cash at bank and in hand		1,412,197		1,046,781	
		<u>2,641,583</u>		<u>1,948,503</u>	
Creditors: amounts falling due within one year	12	<u>(1,771,329)</u>		<u>(1,219,064)</u>	
Net current assets			<u>870,254</u>		<u>729,439</u>
Total assets less current liabilities			883,403		755,770
Creditors: amounts falling due after more than one year	13		<u>(87,038)</u>		<u>(104,345)</u>
Net assets			<u>796,365</u>		<u>651,425</u>
Capital and reserves					
Called up share capital	14		1,000		1,000
Profit and loss account			795,365		650,425
Equity shareholders' funds	15		<u>796,365</u>		<u>651,425</u>

The financial statements were approved by the Board on 31/10/03 and signed on its behalf by

C. Lawaczek
Director



The notes on pages 7 to 13 form an integral part of these financial statements.

C.L. Clothing International Limited

Cash flow statement for the year ended 31st December 2002

	Notes	2002 £	2001 £
Operating profit		637,769	489,440
Depreciation		13,184	11,006
(Increase) in stocks		(26,297)	6,207
(Increase) in debtors		(301,367)	(14,531)
Increase in creditors		505,964	179,298
Net cash inflow from operating activities		<u>829,253</u>	<u>312,824</u>
Cash flow statement			
Returns on investments and servicing of finance	16	22,614	39,335
Taxation	16	(135,943)	(208,840)
Capital expenditure	16	-	(17,039)
Equity dividends paid		(335,500)	200,000
Financing	16	(15,007)	820
Increase in cash in the year		<u>365,417</u>	<u>(72,540)</u>
Reconciliation of net cash flow to movement in net funds (Note 17)			
Increase in cash in the year		365,417	(72,540)
Cash outflow from increase in debts and lease financing		15,007	820
Change in net Debt resulting from cash flows		380,424	(71,720)
Net funds at 1st January 2002		<u>925,011</u>	<u>996,731</u>
Net funds at 31st December 2002		<u>1,305,435</u>	<u>925,011</u>

C.L. Clothing International Limited

Notes to the financial statements for the year ended 31st December 2002

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	Straight line over the life of the lease
Plant and machinery	-	25% straight line
Fixtures, fittings and equipment	-	20% straight line
Motor vehicles	-	20% straight line

1.4. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5. Stock

Stock is estimated by the director at the lower of cost and net realisable value on a FIFO basis.

1.6. Deferred taxation

The company adopted Financial Reporting Standard 19 "Deferred Taxation" (FRS 19) during the financial year.

Full provision is made for deferred taxation on all timing differences which have arisen but have not reversed at the balance sheet date.

1.7. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

C.L. Clothing International Limited

**Notes to the financial statements
for the year ended 31st December 2002**

..... continued

2. Turnover

Class of business

Geographical market

UK	13,478,886	13,285,500
Europe	2,370,127	2,175,700
	<u>15,849,013</u>	<u>15,461,200</u>

The turnover for the year was derived from the company's principal activity.

3. Operating profit

	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	13,184	10,647
Loss on disposal of tangible fixed assets	-	359
Auditors' remuneration	9,150	9,250
	<u> </u>	<u> </u>
and after crediting:		
Profit on foreign currencies	(48,780)	668
	<u> </u>	<u> </u>

4. Interest receivable and similar income

	2002	2001
	£	£
Bank interest	40,501	50,036
	<u> </u>	<u> </u>

5. Interest payable and similar charges

	2002	2001
	£	£
On bank loans and overdrafts	16,856	33,654
Hire purchase interest	1,031	331
	<u>17,887</u>	<u>33,985</u>

C.L. Clothing International Limited

**Notes to the financial statements
for the year ended 31st December 2002**

..... continued

6. Employees

Number of employees

The average monthly numbers of employees
(including the director) during the year were:

Administration

2002	2001
7	7

Employment costs

Wages and salaries
Social security costs

2002 £	2001 £
165,216	155,521
14,217	14,543
<u>179,433</u>	<u>170,064</u>

6.1. Director's emoluments

Remuneration and other emoluments

2002 £	2001 £
<u>14,000</u>	<u>14,000</u>

C.L. Clothing International Limited

Notes to the financial statements for the year ended 31st December 2002

..... continued

7. Tax on profit on ordinary activities

Analysis of charge in period	2002 £	2001 £
Current tax		
UK corporation tax	180,000	136,000
Prior period adjustments	(57)	(1,160)
	<u>179,943</u>	<u>134,840</u>
Total current tax charge	179,943	134,840
Tax on profit on ordinary activities	<u>179,943</u>	<u>134,840</u>

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	2002 £	2001 £
Profit on ordinary activities before taxation	<u>660,383</u>	<u>505,491</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (31st December 2001 : 30%)	198,115	151,647
Expenses not deductible for tax purposes	3,140	1,654
Capital allowances for period in excess of depreciation	1,029	(233)
Adjustments to tax charge in respect of previous periods	(57)	(1,160)
Marginal relief	(22,284)	(24,744)
Overprovision for corporation tax	-	7,676
Current tax charge for period	<u>179,943</u>	<u>134,840</u>

8. Dividends

	2002 £	2001 £
Dividends on equity shares:		
Ordinary shares - interim paid	335,500	100,000
Ordinary shares - final proposed	-	225,000
	<u>335,500</u>	<u>325,000</u>

C.L. Clothing International Limited

**Notes to the financial statements
for the year ended 31st December 2002**

..... continued

9. Tangible fixed assets	Short leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1st January 2002	44,615	13,500	9,944	12,604	80,663
At 31st December 2002	44,615	13,500	9,944	12,604	80,663
Depreciation					
At 1st January 2002	36,631	9,689	7,380	630	54,330
Charge for the year	5,299	3,375	1,989	2,521	13,184
At 31st December 2002	41,930	13,064	9,369	3,151	67,514
Net book values					
At 31st December 2002	2,685	436	575	9,453	13,149
At 31st December 2001	7,984	3,811	2,564	11,974	26,333

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2002		2001	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Motor vehicles	9,453	2,521	11,974	630
10. Stocks			2002 £	2001 £
Finished goods and goods for resale			44,349	18,052
11. Debtors			2002 £	2001 £
Trade debtors			1,162,103	855,163
Prepayments and accrued income			22,934	28,507
			1,185,037	883,670

C.L. Clothing International Limited

**Notes to the financial statements
for the year ended 31st December 2002**

..... continued

12. Creditors: amounts falling due within one year	2002 £	2001 £
Other loans	14,623	12,788
Net obligations under finance leases and hire purchase contracts	5,103	4,637
Trade creditors	1,222,489	798,610
Corporation tax	180,000	136,000
Other taxes and social security costs	93,290	21,479
Director's accounts	226,601	216,101
Other creditors	7,861	7,861
Accruals and deferred income	21,362	21,588
	<u>1,771,329</u>	<u>1,219,064</u>
 13. Creditors: amounts falling due after more than one year	 2002 £	 2001 £
Other loans	82,904	95,108
Net obligations under finance leases and hire purchase contracts	4,134	9,237
	<u>87,038</u>	<u>104,345</u>
 Loans		
Repayable in one year or less, or on demand (Note 12)	14,623	12,788
Repayable between one and two years	14,622	12,788
Repayable between two and five years	68,281	82,320
	<u>97,526</u>	<u>107,896</u>
 14. Share capital	 2002 £	 2001 £
Authorised equity		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
 Allotted, called up and fully paid equity		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

C.L. Clothing International Limited

Notes to the financial statements for the year ended 31st December 2002

..... continued

15.	Reconciliation of movements in shareholders' funds	2002 £	2001 £		
	Profit for the year	480,440	370,651		
	Dividends	(335,500)	(325,000)		
		<u>144,940</u>	<u>45,651</u>		
	Opening shareholders' funds	651,425	605,774		
	Closing shareholders' funds	<u>796,365</u>	<u>651,425</u>		
16.	Gross Cash Flows	2002 £	2001 £		
	Interest received	40,501	50,036		
	Interest paid	16,856	(10,538)		
	Interest element of finance lease rental payments	(1,031)	(331)		
		<u>22,614</u>	<u>39,167</u>		
	Taxation				
	Corporation tax paid	(135,943)	(208,840)		
	Capital expenditure				
	Payments to acquire tangible assets	-	(17,039)		
	Financing				
	Loan repayments	(10,370)	266		
	Capital element of finance leases and hire purchase contracts	(4,637)	(1,086)		
		<u>(15,007)</u>	<u>(820)</u>		
17.	Analysis of changes in net funds				
		Opening Balance £	Cash Flows £	Other changes £	Closing Balance £
	Cash at bank and in hand	1,046,781	365,416		1,412,197
	Debt due within one year	(12,788)	-	(1,835)	(14,623)
	Debt due after one year	(95,108)	10,370	1,835	(82,904)
	Finance leases and hire purchase contracts	(13,874)	4,637		(9,237)
		<u>(121,770)</u>	<u>15,007</u>		<u>(106,764)</u>
	Net Funds	<u>925,011</u>	<u>380,423</u>		<u>1,305,435</u>