

FASHOFF UK LIMITED

Financial statements

for the year ended 31 December 2001

Registered Number 3405119

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FASHOFF UK LIMITED

Financial statements

for the year ended 31 December 2001

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FASHOFF UK LIMITED

Company information

Directors

M Gobbetti

N Friso

A Indaimo

Secretary

P Hilly

Registered office

12 Plumtree Court

London

EC4A 4HT

Auditors

PricewaterhouseCoopers

No 1 London Bridge

London

SE1 9QL

Business address

28/29 Conduit Street

London

W1R 9TA

Registered Number

3405119

Bankers

Natwest Bank

Mayfair Business Centre

65 Piccadilly

London

W1A 2PP

FASHOFF UK LIMITED

Directors' report for the year ended 31 December 2001

The directors present their report and the audited financial statements of the company for the year ended 31 December 2001.

Principal activities

The principal activity of the company continued to be that of the retail and wholesale of fashion garments.

Review of business and future developments

The directors consider the level of business and year end financial position to be satisfactory. Sales are expected to be maintained at the current level in the forthcoming year, and with a tight control now in force over expenditure, the directors expect profitability to be achieved.

Results and dividends

The results for the year are set out on page 6.

The directors do not propose payment of a dividend (2000: Nil)

Directors

The following directors who have held office throughout the year are given below:

M Gobbetti

L Martignoni (resigned 22 November 2001)

A Indaimo (appointed 14 December 2000)

N Friso (appointed 22 November 2001)

Directors' interests

The directors beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 December 2001	31 December 2000
M Gobbetti	-	-
L Martignoni	-	-
A Indaimo	-	-
N Friso	-	-

The interests of the directors in the shares of the ultimate parent company are publicly available from AEFEE S.p.a., Via Delle Querce 51, 47842 S.Giovanni in Marignano (Rimini), Italy.

FASHOFF UK LIMITED

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 of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2001 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for the maintenance of the company's website, however information published on the internet is accessible in many different countries where legislation governing the preparation and dissemination of financial statements may differ from that applicable in the United Kingdom.

Auditors

A resolution to reappoint the auditors, PricewaterhouseCoopers will be proposed at the annual general meeting.

By order of the Board


Secretary

Independent auditors' report to the members of FASHOFF UK LIMITED

We have audited the financial statements which comprise the profit and loss account and the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors responsibilities for preparing the annual report and the 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.

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 United Kingdom Companies Act. 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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

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 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.

FASHOFF UK LIMITED

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

London

22 April 2002

FASHOFF UK LIMITED

Profit and loss account for the year ended 31 December 2001

	Notes	Year ended 31 December 2001 £	6 months to 31 December 2000 £
Turnover	2	6,572,077	3,079,385
Cost of sales		(4,758,599)	(2,173,258)
Gross profit		1,813,478	906,127
Distribution costs		(545,727)	(219,418)
Administrative expenses		(1,325,950)	(751,507)
Other operating income		76,000	28,650
Operating profit /(loss)	3	17,801	(36,148)
Interest receivable and similar income	6	16,532	-
Interest payable and similar charges	7	(10,474)	(10,409)
Profit/ (loss) on ordinary activities before taxation		23,859	(46,557)
Tax on profit /(loss) on ordinary activities	8	(19,644)	-
Profit/(loss) on ordinary activities after taxation	16	4,215	(46,557)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

FASHOFF UK LIMITED

Balance sheet as at 31 December 2001

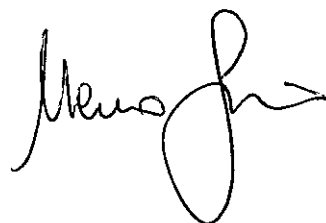
	Notes	31 December 2001 £	31 December 2000 £
Fixed assets			
Intangible assets	9	37,500	42,500
Tangible assets	10	<u>1,002,343</u>	<u>1,167,784</u>
		1,039,843	1,210,284
Current assets			
Stocks	11	130,681	513,056
Debtors	12	1,019,409	1,108,323
Cash at bank and in hand		<u>492,435</u>	<u>986,405</u>
		1,642,525	2,607,784
Creditors: amounts falling due within one year	13	<u>(1,272,592)</u>	<u>(2,412,507)</u>
Net current assets		<u>369,933</u>	<u>195,277</u>
Total assets less current liabilities		1,409,776	1,405,561
Creditors: amounts falling due after more than one year	14	<u>(1,471,000)</u>	<u>(1,471,000)</u>
		<u>(61,224)</u>	<u>(65,439)</u>
Capital and reserves			
Called up share capital	15	1,550,000	1,550,000
Profit and loss account – deficit	16	<u>(1,611,224)</u>	<u>(1,615,439)</u>
Equity shareholders' deficit	17	<u>(61,224)</u>	<u>(65,439)</u>

The financial statements comprising the profit and loss account, balance sheet and related notes were approved by the board on and signed on its behalf by:

M Gobbetti
Director



N Friso
Director



FASHOFF UK LIMITED

Notes to the financial statements for the period ended 31 December 2001

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Accounting policies

Financial reporting standard 18 – Accounting policies, effective for accounting periods ending on or after 22 June 2001, has been adopted. The directors have reviewed the company's accounting policies and consider that the accounts are prepared in accordance with FRS 18.

Turnover

Turnover represents amounts receivable for goods and services delivered net of VAT and trade discounts. In accordance with the clauses contained in the company's agency contracts signed, wholesale commissions are recognised as earned once orders have been confirmed as opposed to delivery of the goods.

Trademarks

Trademarks are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives which the directors consider is 10 years.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery

Plant and machinery	25% straight line
Fixtures, fittings and equipment	25% straight line
Leasehold improvements	Over the period of the lease on a straight line basis

Leasing

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

Stock

Stock is valued at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

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Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All timing differences are taken to profit and loss account.

2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit /(loss)

	Year ended 31 December 2001 £	6 months ended 31 December 2000 £
Operating profit /(loss) is stated after charging:		
Amortisation of intangible assets	5,000	2,500
Depreciation of tangible assets	225,176	121,875
Operating lease rentals	330,000	165,000
Auditors' remuneration	12,500	13,500
Auditors' – non audit services	<u>14,345</u>	<u>-</u>

4 Directors' emoluments

	Year ended 31 December 2001 £	6 months ended 31 December 2000 £
Aggregate emoluments	<u>11,666</u>	<u>-</u>

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5 Employees

The average monthly number of employees (including directors) during the period was:

	Year ended 31 December 2001 Number	6 months ended 31 December 2000 Number
Retail sales	10	8
Wholesale sales	6	6
Management and administration	10	9
	<u>26</u>	<u>23</u>

Employment costs

	Year ended 31 December 2001 £	6 months ended 31 December 2000 £
Wages and salaries	544,910	243,130
Social security costs	62,078	22,900
	<u>606,988</u>	<u>266,030</u>

6 Interest receivable and similar income

	Year ended 31 December 2001 £	6 months ended 31 December 2000 £
Bank interest	<u>16,532</u>	<u>-</u>

7 Interest payable

	Year ended 31 December 2001 £	6 months ended 31 December 2000 £
On bank loans and overdrafts	<u>10,474</u>	<u>10,409</u>

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8 Taxation

	Year ended 31 December 2001 £	6 months ended 31 December 2000 £
UK corporation tax at 30% (2000: nil)		
Current	<u>19,644</u>	<u>-</u>

The company has estimated losses of £1,630,000 (2000: £1,651,000) available for carry forward against future trading profits.

9 Intangible fixed assets

	Patents £
Cost	
At 1 January 2001	50,000
Additions	-
At 31 December 2001	<u>50,000</u>
Amortisation	
At 1 January 2001	7,500
Charge for the year	5,000
At 31 December 2001	<u>12,500</u>
Net book value	
At 31 December 2001	<u>37,500</u>
At 31 December 2000	<u>42,500</u>

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10 Tangible fixed assets

	Plant and machinery £	Fixtures, fitting and equipment £	Leasehold improvements £	Total £
Cost				
At 1 January 2001	163,534	545,457	1,101,897	1,810,888
Additions	1,627	3,299	54,809	59,735
At 31 December 2001	165,161	548,756	1,156,706	1,870,623
Depreciation				
At 1 January 2001	120,557	392,625	129,922	643,104
Charge for the year	41,089	136,830	47,257	225,176
At 31 December 2001	161,646	529,455	177,179	868,280
Net book value				
At 31 December 2001	3,515	19,301	979,527	1,002,343
At 31 December 2000	42,977	152,832	971,975	1,167,784

11 Stocks

	31 December 2001 £	31 December 2000 £
Finished goods and goods held for resale	130,681	193,245
Goods in transit	-	319,811
	130,681	513,056

12 Debtors

	31 December 2001 £	31 December 2000 £
Trade debtors	524,374	621,836
Amounts owed by parent and fellow subsidiary undertakings	100,496	-
Other debtors	77,852	18,016
Prepayments and accrued income	316,687	468,471
	1,019,409	1,108,323

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13 Creditors: amounts falling due within one year

	31 December 2001 £	31 December 2000 £
Bank loans and overdrafts	-	300,000
Trade creditors	135,965	257,585
Amounts owed to group companies	970,516	1,692,378
Corporation tax	11,272	-
Taxes and social security costs	20,039	24,886
Vat creditor	116,314	99,384
Accruals and deferred income	18,486	38,274
	<u>1,272,592</u>	<u>2,412,507</u>

14 Creditors: amounts falling due after more than one year

	31 December 2001 £	31 December 2000 £
Loans due to the parent company (interest free and no repayment date)	<u>1,471,000</u>	<u>1,471,000</u>
Analysis of loans		
Wholly repayable within five years	<u>1,471,000</u>	<u>1,471,000</u>
Loan maturity analysis		
Between two and five years	<u>1,471,000</u>	<u>1,471,000</u>

The ultimate parent company has confirmed that the balance will not be recalled within the next twelve months from the date of signing of the financial statements.

15 Share capital

	31 December 2001 £	31 December 2000 £
Authorised		
2,000,000 ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>
Allotted, called up and fully paid		
1,550,000 ordinary shares of £1 each	<u>1,550,000</u>	<u>1,550,000</u>

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16 Profit and loss account

	Profit and loss account £
Balance at 1 January 2001 – deficit	(1,615,439)
Retained profit for the year	<u>4,215</u>
Balance at 31 December 2001 – deficit	<u>(1,611,224)</u>

17 Reconciliation of movements in shareholders' funds

	Year ended 31 December 2001 £	6 month period to 31 December 2000 £
Profit/(loss) for the financial period	4,215	(46,557)
Opening shareholders' deficit	<u>(65,439)</u>	<u>(18,882)</u>
Closing shareholders' deficit	<u>(61,224)</u>	<u>(65,439)</u>

18 Financial commitments

At 31 December 2001 the company had annual commitments for land and buildings under non-cancellable operating leases as follows:

	31 December 2001 £	31 December 2000 £
Expiry date		
In over five years	<u>330,000</u>	<u>330,000</u>

19 Ultimate controlling party

The company's parent company is Moschino S.p.a., a company registered in Italy. The directors consider the ultimate holding company to be AEFEE S.p.a., a company registered in Italy.

FASHOFF UK LIMITED

20 Related party transactions

The company's parent company is Moschino S.p.a. Fashoff UK has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to make disclosures concerning related parties on the grounds that the company is a more than 90% subsidiary of a company for which consolidated accounts are prepared incorporating this company and which are publicly available.

Moschino S.p.a. is jointly owned by AEFPE S.p.a. and SINV S.p.a. The following transactions were made during the period with companies that were related to Fashoff UK Limited under the terms of Financial Reporting Standard No.8. All transactions were at arm's length and relate to the provision of fashion garments.

	Sales	Costs	Debtors	Creditors
	Year to	Year to	At	At
	31 December	31 December	31 December	31 December
	2001	2001	2001	2001
	£	£	£	£
AEFFE S.p.a.	-	259,872	69,966	151,592
Sportswear S.p.a.	-	3,517,509		
(subsidiary of SINV Spa)			-	818,924