

Company number: 3580623

LPS (UK) COMPANY LIMITED

31ST DECEMBER 2001

**Peter Hunt & Co
Chartered Accountants
Argon House
Argon Mews
Fulham Broadway
SW6 1BJ**



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COMPANIES HOUSE 27/06/02

LPS (UK) COMPANY LIMITED

DIRECTORS

E. Laudanno
V. Ramenghi
D. Muratore

SECRETARY

S. Bright

AUDITORS

Peter Hunt & Co
Argon House
Argon Mews
Fulham Broadway
LONDON SW6 1BJ

BANKERS

National Westminster Bank Plc
15 Bishopsgate
LONDON
EC2P 2AP

UniCredito Italiano
17 Moorgate
LONDON
EC2R 6AR

SOLICITORS

Slaughter and May
35 Basinghall Street
LONDON
EC2V 5DB

REGISTERED OFFICE

Argon House
Argon Mews
Fulham Broadway
London
SW6 1BJ

LPS (UK) COMPANY LIMITED
DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31st December 2001.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £16,310 (2000 loss £27,149). The directors do not recommend the payment of an ordinary dividend for the period.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is the retail sale of clothing manufactured by its parent undertaking. The directors are pleased to note a continued improvement in trading performance and are satisfied with its state of affairs at the balance sheet date.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year were as follows:

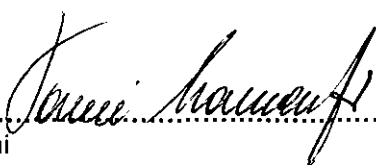
V Ramenghi
E Laudanno
D Muratore

None of the directors had any interest in the shares of the company, or in the shares of its holding company, at any time during the year.

AUDITORS

A resolution proposing the reappointment of Peter Hunt & Co will be put to the members at the annual general meeting.

By order of the board


.....
V Ramenghi
Director

Approved by the board on 20.05.02

LPS (UK) COMPANY LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 year. In preparing those accounts, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

PETER HUNT & CO

Chartered Accountants

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF LPS (UK) COMPANY LIMITED

Independent auditors' report to the shareholders of LPS (UK) Company Limited

We have audited the financial statements on pages 5 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 with the company is not disclosed.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.


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 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31st December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Peter Hunt & Co
Chartered Accountants and Registered Auditors



Date

PETER HUNT J G COOK

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LPS (UK) COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2001

	Note	<u>2001</u>	<u>2000</u>
Turnover		1,282,894	1,148,594
Cost of sales		<u>498,483</u>	<u>392,024</u>
Gross profit		784,411	756,570
Administrative expenses		<u>682,561</u>	<u>643,394</u>
Operating profit	2	101,850	113,176
Interest receivable	3	1,414	2,503
Interest payable	4	<u>(26,445)</u>	<u>(50,847)</u>
Profit on ordinary activities before taxation		76,819	64,832
Tax on profit on ordinary activities	5	<u>93,129</u>	<u>91,981</u>
Retained loss for the year		(16,310)	(27,149)
Retained loss brought forward		<u>(202,267)</u>	<u>(175,118)</u>
Retained loss carried forward		<u>(£218,577)</u>	<u>(£202,267)</u>

Continuing activities

All figures disclosed above refer to continuing operations.

Total recognised gains and losses

The company had no recognised gains or losses in the period other than as disclosed above.

LPS (UK) COMPANY LIMITED
BALANCE SHEET
AT 31ST DECEMBER 2001

	Note	<u>2001</u>	<u>2000</u>
Fixed assets			
Tangible assets	7	619,602	870,430
Current assets			
Stock	8	195,384	208,672
Debtors	9	52,000	41,024
Cash at bank		<u>192,009</u>	<u>207,813</u>
		439,393	457,509
Creditors: amounts falling due within one year	10	<u>777,572</u>	<u>1,030,206</u>
Net current liabilities		(338,179)	(572,697)
Net assets		<u>£281,423</u>	<u>£297,733</u>
Capital and reserves			
Called up share capital	11	500,000	500,000
Profit and loss account		(218,577)	(202,267)
Equity shareholders' funds	12	<u>£281,423</u>	<u>£297,733</u>

Signed on behalf of the board of directors

.....
V Ramenghi
Director

Approved by the board on20.05.02.....

LPS (UK) COMPANY LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2001

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below.

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Tangible fixed assets

Fixed assets are shown at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Leasehold premises	5 years 6 months
Leasehold improvements	5 years 6 months
Furniture, fixtures and equipment	5 years

Taxation

Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse. The provisions of Financial Reporting Standard 19 will be adapted in the 2002 accounts.

Foreign currency

Transactions in foreign currencies are translated into sterling at rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Stock

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

Operating leases

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

Related party transactions

FRS8 'Related party disclosures' requires the disclosure of the details of material transactions between the reporting entity and any related parties. The company has taken advantage of exemptions under FRS8 not to disclose transactions with other group companies as it is a wholly owned subsidiary.

Cashflow statement

The company has taken advantage of the exemption provided by paragraph 5a of FRS number 1 not to prepare a cashflow statement.

LPS (UK) COMPANY LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2001

2. OPERATING PROFIT

Profit on ordinary activities before taxation is stated after charging:-

	<u>2001</u>	<u>2000</u>
Auditors' remuneration		
i. audit fees	£5,000	£5,000
ii. other	£15,000	£20,530
Operating lease rentals - land and building	£75,000	£75,000

3. INTEREST RECEIVABLE

	<u>2001</u>	<u>2000</u>
Bank interest receivable	£ <u>1,414</u>	£ <u>2,503</u>

4. INTEREST PAYABLE

	<u>2001</u>	<u>2000</u>
On loan from parent undertaking	£ <u>26,445</u>	£ <u>50,847</u>

5. TAXATION

Provision for United Kingdom corporation tax at the rate of 30% (2000 30%)

	<u>2001</u>	<u>2000</u>
Current year	93,129	87,012
Prior year	-	4,969
	£ <u>93,129</u>	£ <u>91,981</u>

No provision has been made for deferred tax. The full potential liability as the balance sheet date was £15,725 (2000 £9,275).

LPS (UK) COMPANY LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2001

6. DIRECTORS' FEES

The parent undertaking charged fees of £12,000 (2000 £12,000) in respect of the services of the company's directors during the year.

7. TANGIBLE FIXED ASSETS

	<u>Short leasehold</u>	<u>Leasehold improvements</u>	<u>Furniture fixtures and equipment</u>	<u>Total</u>
Cost:				
At 1 st January 2001	1,029,800	200,458	145,201	1,375,459
Additions in the year	-	-	2,342	2,342
At 31 st December 2001	<u>1,029,800</u>	<u>200,458</u>	<u>147,543</u>	<u>1,377,801</u>
Depreciation:				
At 1 st January 2001	374,436	72,886	57,707	505,029
Charge for the year	<u>187,218</u>	<u>36,443</u>	<u>29,509</u>	<u>253,170</u>
At 31 st December 2001	<u>561,654</u>	<u>109,329</u>	<u>87,216</u>	<u>758,199</u>
Net book value:				
At 31 st December 2001	<u>£468,146</u>	<u>£91,129</u>	<u>£60,327</u>	<u>£619,602</u>
At 31 st December 2000	<u>£655,364</u>	<u>£127,572</u>	<u>£87,494</u>	<u>£870,430</u>

8. STOCK

	<u>2001</u>	<u>2000</u>
Goods for resale	<u>£195,384</u>	<u>£208,672</u>

9. DEBTORS

	<u>2001</u>	<u>2000</u>
Prepayments and accrued income	<u>£52,000</u>	<u>£41,024</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2001</u>	<u>2000</u>
Corporation tax	63,129	87,012
Other tax and social security payable	63,593	62,407
Bank overdraft	19,191	19,709
Trading balance due to immediate parent undertaking	94,638	47,735
Loan from immediate parent undertaking	408,000	688,000
Accruals	<u>129,021</u>	<u>125,343</u>
	<u>£777,572</u>	<u>£1,030,206</u>

LPS (UK) COMPANY LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2001

11. CALLED-UP SHARE CAPITAL

	<u>2001</u>	<u>2000</u>
Authorised:		
500,000 ordinary shares of £1 each	<u>£500,000</u>	<u>£500,000</u>
Allotted, called-up and fully-paid:		
500,000 ordinary shares of £1 each	<u>£500,000</u>	<u>£500,000</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2001</u>	<u>2000</u>
Opening shareholders' funds	297,733	324,882
Loss for the year	<u>(16,310)</u>	<u>(27,149)</u>
Closing shareholders' funds	<u>£281,423</u>	<u>£297,733</u>

13. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

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

	<u>2001</u>	<u>2000</u>
Expiring in two to five years	<u>£75,000</u>	<u>£75,000</u>

14. IMMEDIATE HOLDING COMPANY

The parent undertaking of the group undertakings for which group accounts are drawn up and of which the company is a member is Gruppo La Perla SpA, a company incorporated in Luxembourg. Group accounts are available from Gruppo La Perla SpA, Via del Fonditore, 40138, Bologna, Italy.

15. CONTROLLING PARTY

The controlling party is Mr Alberto Masotti by virtue of his 90.2% interest in the ultimate holding company, NUTE SpA, a company incorporated in Luxembourg