Drillgreat Limited

Registered Number 06292597

Financial Report

For the 62 Week Period Ended 30 August 2008

DRILLGREAT

CONTENTS

Company information

Registered office
Monsoon Office
Notting Hill Village
1 Nicholas Road
London
W11 4AN

Directors
S Back
A Simon

Company secretary
S Back (appointed 24/01/2008)
M Holloway (resigned 24/01/2008)

Auditors
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers
National Westminster Bank
Berkeley Square and Mayfair Branch
1-4 Berkeley Square House
Berkeley Square
London
W1A 1SN

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 62 weeks ended 30 August 2008.

Principal activity
The principal activity of the Group is the sale of women's, men's and children's clothing, accessories, homeware and gifts.

Results and business review
Drillgreat Limited was incorporated on 26 June 2007.

During the year Drillgreat Limited acquired the share capital of Monsoon Limited, (formerly Monsoon plc). The statutory profit and loss acount on page 9 and the consolidated cash flow statement on page 11 include the results of the Company, for the period ending 30 August 2008, and the results and cash flows of Monsoon Limited and its subsidiary undertakings for the 8 ½ month period from 13 December to 30 August 2008.

A comparison of the Group's underlying performance can be found in the consolidated accounts of Monsoon Limited for the 66 weeks ended 30 August 2008. The Group had a satisfactory period and its financial position is considered to be good.

Group current period results
During the period to 30 August 2008, turnover was £398.6m. Operating profit before exceptional items was £10.9m. Loss after tax and exceptional items was £(8.6)m.

In June 2008 the Group vacated its head office in Paddington and moved to its new head office, Notting Hill Village, 1 Nicholas Road, London.

The group's key financial and other performance indicators during the period were as follows:

	2008 £m
Group turnover	398.6m
Operating profit before exceptional items	10.9m
Loss after tax and exceptional items	(8.6m)
Average number of employees	4,566

UK & Eire
Turnover for the period was £342.1m and like-for-like sales increased by 0.9%. Operating loss after exceptional items was £(2.7)m.

During the period, 12 stores were opened and 17 stores were closed, inclusive of resites. As at 30 August 2008 we have 407 stores in the UK and Eire: Monsoon; Accessorize; Dual stores and concessions.

International
Turnover, which represents the sale of merchandise to, and royalty income from franchisees, and the net retail sales of our subsidiary stores, was £56.5m. International operating profits were £7.0m. Like-for-like retail sales were up 10.5% in sterling.

In total, 68 stores were opened and 36 stores were closed. As at 30 August 2008 there were 507 stores internationally.

Dividends
The Group paid an interim dividend during the financial period of £325,466. No final dividend was proposed by the Group for this period.

Principal risk and uncertainties
These are risks and uncertainties which could impact the Group's long-term performance. The Board considers that these are the most significant risks to achieving its business objectives. The risks listed do not comprise all those associated with the Group and are not set out in order of priority.

Operational Risks

- **Economic and Market conditions** – The global economy is a major influence on consumer spending. Trends in employment, exchange rates, inflation, taxation, consumer debt and interest rates impact consumer expenditure in discretionary areas.

- **Competition** – The retail industry is highly competitive. Monsoon competes with a wide variety of retailers of varying sizes, and in order to maximise financial results the group must continue to anticipate consumer trends and compete strongly on design, quality, and service.

- **International** – Monsoon continues to expand internationally. This expansion, however, brings risks in the form of volatile revenue streams, legislative compliance, and quality of product, presentation and service. The ability to work successfully with many international franchise partners is also crucial to future growth.

- **Suppliers and Supply Chain** – Monsoon relies on its key suppliers to produce and deliver products to the high standards that our customers associate with the brands. Over reliance on key suppliers increases the risk that supply could become disrupted or lead to products becoming uncompetitive. The Group is also subject to the risks associated with international trade including the imposition of taxes and other charges on imports, exposure to different legal standards, compliance with many foreign laws and changing policies.

- **People** – The success of the Drillgreat Group depends on management driving all aspects of the business, in particular the design and procurement of desirable products, the operation of its stores and supply chains and the ability to select and secure the property portfolio. Retention of experienced and talented retail management is therefore key.

- **Warehousing and Distribution** – Monsoon has a key distribution centre for each of its brands. If either one, or both, of these operations were to fail or to operate ineffectively, risks would include disruption to store deliveries, stock losses and inadequate information flows leading to suboptimal decision making.

- **Reputational Risk** – The Monsoon and Accessorise brands are key assets of the business. Failure to protect the Group's reputation and brands could lead to a loss of trust and confidence. Non-compliance by suppliers with the standards required by the Ethical Trading Initiative may also increase reputational risk.

Financial Risks
The Group's financial risk management objectives and policies are set out below:

- **Foreign currency risk**

  The Group's functional currency is sterling. The Group has invested in operations outside the UK and also buys goods denominated in currencies other than sterling. The value of the Group's non-sterling revenues, purchases, financial assets and liabilities and cash flows can be affected by movements in exchange rates in general and the US Dollar in particular. It has not been considered necessary to utilise financial instruments in the period.

- **Credit risk**

  The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in the relation to the sale of goods and provision of services to franchise partners. Credit controls are in place to minimise any such losses.

- **Liquidity risk**

  The risk to the Group is low. The Group has sufficient borrowing facilities available to it should the need arise. The Group considers that it has sufficient cash facilities to take advantage of investment opportunities should they arise.

- **Cost price risk**

  The Group's exposure to changing market prices is managed through negotiation and on-going trading relationships with suppliers. The Group does not trade in derivative financial instruments.

Future developments
The Board aims to continue the international growth of the Group.

Events since the balance sheet date
On 31 October 2008 the Monsoon Group acquired two stores in Latvia located at Origo and the Galleris Centre.

On 15 December 2008 the Monsoon Group completed the transfer of its Wellingborough Distribution centre in-house, with the transfer of 287 permanent staff to Monsoon. The distribution centre is a modern fully bonded facility providing distribution to nearly 1000 stores worldwide in over 50 countries.

Directors and their share interests
The directors who served during the period are as follows:

A Simon (appointed 24/01/2008)
S Back (appointed 24/01/2008)
P Simon (resigned 24/01/2008)

The directors at 30 August 2008 hold no beneficial interests in the share capital of the Group or the Company.

Charitable and political donations
During the financial year the Group made charitable donations totalling £111,364; £49,364 to the Monsoon Accessorize Trust to provide educational opportunities for children, young people and women in the Indian sub continent; and £12,000 to the Jodie Kidd Foundation, which donates funds to various chosen charitable causes.

The Monsoon Accessorize Trust, a registered charity, reg no. 1038446, prepares separate accounts.

The Group made a political donations of £50,000 to The Conservative Party.

The Monsoon Accessorize Trust
The Monsoon Accessorize Trust was founded as a registered charity in 1994 to mark the Company's 21st anniversary. It aims to help improve the lives of disadvantaged women and children in Asia, with a focus on education, healthcare and income generation. Monsoon pays the administration costs of the Trust so that every pound donated by the public goes directly to the projects it supports.

Corporate Responsibility
Monsoon Accessorize is committed to being a responsible corporate citizen, operating to high ethical and environmental standards. This goes back to its origins in the 1970s as a retailer selling clothes made from small producer groups in India using natural fibres and vegetable dyes.

While the Group's product range has expanded, we remain committed to high ethical standards and to managing and reducing our environmental impacts across the business. Our key areas of focus are:

- **Ethical trading:** Ensuring that all suppliers meet the standards set out in the Monsoon Accessorize Code of Conduct, covering working conditions, pay and workers rights;
- **Environmental policy:** Reducing our carbon footprint, minimising waste and working with suppliers to ensure environmental impacts are managed in responsible ways; and
- **The Monsoon Accessorize Trust:** Helping improve the lives of disadvantaged women and children in Asia by supporting education, healthcare and income generation projects.

We also support emerging artists through the **Monsoon Art Collection** around the world, with a focus on works that reference both indigenous culture and globalisation.

Ethical Trading
All Monsoon Accessorize suppliers are asked to commit to The Monsoon Accessorize Code of Conduct, which is based on the Ethical Trading Initiative (ETI) Base Code. This sets out minimum standards relating to working conditions, pay and employment rights. The Group works with suppliers to achieve improvements where necessary through corrective action plans. Progress is carefully monitored through regular visits and audits, carried out by in-house specialists and independent external auditors. This includes some unannounced visits to ensure we have an accurate picture of progress.

Monsoon Accessorize prides itself on long-standing and positive working relationships across its supply chain. However, as a last resort, the Group is prepared to stop sourcing from a factory if necessary improvements are not made over a reasonable timeframe.

As a founder member of the Ethical Trading Initiative (ETI) (www.ethicaltrade.org), we benefit from shared learning and interaction with other members, including companies, non-governmental organizations (NGOs) and trade unions. The ETI's ultimate goal is to ensure that the working conditions of those producing for the UK market meet or exceed international labour standards.

Environmental policy
The Group's aim is to manage and reduce its environmental impact across the business and to operate in a sustainable manner. The focus is on:

- **Climate change:** Minimising our carbon footprint by using less energy and fewer "air miles" to transport our products;
- **Waste and recycling:** Reducing waste and recycling wherever possible;
- **Working with suppliers:** Ensuring that our suppliers operate in an environmentally responsible way.

Key activities include:

- Reducing energy used per square foot in UK stores, warehouses and Head Office through good energy management;
- Implementing a "Green Action Programme" across Head Office and stores to raise awareness of "green" housekeeping and recycling responsibilities;
- Ensuring that products are delivered by sea rather than air wherever possible;
- Reducing the use of packaging in our stores and, in particular, the use of plastic;
- Increasing the proportion of recycled waste at stores;
- Integrating environmental criteria into our shop design and refit programmes;
- Introducing rainwater harvesting and expanded recycling facilities in our Head Office;
- Incorporating environmental objectives and targets into our ethical trading criteria for suppliers;
- Continuing to grow our Fairtrade cotton range of clothing; and
- Monitoring and reviewing our environmental performance on a regular basis.

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the company and of the profit or loss of the Group for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' statement as to disclosure of information to auditors
The directors who were members of the Board at the time of approving the directors' report are listed on page 5.

So far as each person who was a director at the date of approving the report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made inquiries of fellow directors and the Group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Health and safety policy
The Group has a responsibility to ensure that all reasonable precautions are taken to provide and maintain working conditions for employees, customers and visitors, which are safe, healthy and in compliance with statutory requirements and appropriate codes of practice.

The Group manages its Health and Safety agenda through a Health and Safety Steering Committee, utilising the advice of a specialist Health and Safety Consultancy. The Committee is tasked with the establishment of detailed policies and procedures to minimise the instances of accidents and illnesses. The day-to-day management of issues and incidents is controlled by local managers supported by the Retail Field Team and maintenance suppliers. We have finalised our policy on the Disability Discrimination Act and the training required to support this.

Employment policy
Employment policies are based on a commitment to equal opportunities from selection and recruitment, through training, development, appraisal and promotion.

We aim to promote an environment free from discrimination, harassment and victimisation and all decisions relating to employment will be objective and based solely on individual merit. We are intent on using everyone's talents and abilities to the full.

Employee involvement in the Group's success and profitability is encouraged through various sales and profit-related incentive schemes. Regular meetings, the election of employee representatives, and the Company Intranet encourage employees to involve themselves in all aspects of the Group's activities and make sure they are informed of matters which concern them as employees.

It is the Group's policy to give full and fair consideration to suitable applications for employment by disabled persons and so far as particular disabilities permit, give continued employment to any existing employee who becomes disabled.

Corporate governance
As a private company Monsoon is not obliged to list details of its corporate governance; however the directors have a system of internal financial and operational controls designed to provide effective management of the business. These include detailed management information and regular meetings of the directors.

Supplier payments policy
Group companies do not follow any specific code or standard on payment practice but agree payment terms during contractual negotiations with all prospective suppliers. It is the Group's policy to abide by the agreed terms of payment where appropriate. The Company, being a holding company, had no trade creditors at 30 August 2008. The average number of days' credit taken by Group companies for trade purchases for the year ended 30 August 2008 was 34 days.

Auditors
In accordance with s.385 of the Companies Act 1985, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Group.

By order of the Board

S Back
Secretary

22nd December 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DRILLGREAT LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Drillgreat Limited for the period ended 30 August 2008, which comprises the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, Consolidated Cash Flow Statement and the related notes 1 to 32. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, 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 auditors' 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 for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, 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 other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 Group's and 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 August 2008 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
24 December 2008

CONSOLIDATED PROFIT AND LOSS ACCOUNT[1]

	Note	Before exceptional items 62 weeks to 30 August 2008 £000	Exceptional items 62 weeks to 30 August 2008 £000	Total 62 weeks to 30 August 2008 £000
Turnover	2	398,641	-	398,641
Cost of sales		(164,321)	-	(164,321)
Gross profit		234,320	-	234,320
Distribution costs		(7,452)	-	(7,452)
Administrative expenses		(216,337)	(6,533)	(222,870)
Other operating income	8	339	-	339
Operating profit	2/3/4	10,870	(6,533)	4,337
Interest receivable and similar income	9	3,377	-	3,377
Interest payable and similar charges	10	(10,289)	-	(10,289)
Profit/(loss) on ordinary activities before taxation		3,958	(6,533)	(2,575)
Tax on profit on ordinary activities	11	(7,894)	1,829	(6,065)
Loss for the year		(3,936)	(4,704)	(8,640)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	62 weeks to 30 August 2008 £000
Loss for the financial year	(8,640)
Currency translation differences on net investment in overseas subsidiaries	(81)
Total recognised gains and losses in the year	(8,721)

[1] Results relate wholly to continuing activities.

CONSOLIDATED AND COMPANY BALANCE SHEETS

At 30 August 2008	Note	Group 2008 £000	Company 2008 £000
Fixed assets			
Intangible assets	12	514,218	-
Tangible assets	13	124,226	-
Investments	14	-	751,232
		638,444	751,232
Current assets			
Stocks	15	55,351	-
Debtors	16	34,843	327
Cash at bank and in hand		90,070	851
		180,264	1,178
Creditors: amounts falling due within one year	17	(119,888)	(7,111)
Net current assets/(liabilities)		60,376	(5,933)
Total assets less current liabilities		698,820	745,299
Creditors: amounts falling due after more one year	18	(140,249)	(133,990)
Provisions for liabilities and charges	20	(888)	-
Net assets		557,683	611,309
Capital and reserves			
Called up share capital	21	13,445	13,445
Share premium reserve	22	553,282	553,282
Profit and loss account	22	(9,879)	44,582
Equity Shareholder's funds	22	556,848	611,309
Minority interest	22	835	-
Total Equity	22	557,683	611,309

The financial statements were approved by the Board of Directors on 22 December 2008 and were signed on its behalf by:

Steven Back
Director

Anton Simon
Director

CONSOLIDATED CASH FLOW STATEMENT

	Note	62 weeks to 30 August 2008 £000
Net cash inflow from operating activities	25	**86,981**
Returns on investments and servicing of finance	26	**(6,951)**
Taxation		**(9,413)**
Capital expenditure and financial investment	26	**(27,433)**
Acquisitions and disposals	26	**(94,927)**
Net cash outflow before management of liquid resources		**(51,743)**
Financing	26	**136,917**
Management of liquid resources	26	**(12,144)**
Increase in net cash in the period		**73,030**
Reconciliation of net cash flow to movement in net funds		
Increase in net cash in the period		**73,030**
Cash inflow from management of liquid resources		**12,144**
Increase in net funds resulting from cash flows		**85,174**
Inception of finance leases		**2,882**
Translation differences		**(81)**
Movement in net funds in the period		**87,975**
Net funds at the start of the period		**-**
Net funds at the end of the period	27	**87,975**

NOTES TO THE FINANCIAL STATEMENTS

For the 62 weeks ended 30 August 2008

1 Principal accounting policies

Basis of accounting and change in accounting policy
The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable United Kingdom accounting standards, which have been applied consistently.

As required by FRS 18, accounting policies are periodically reviewed to ensure that they continue to be the most appropriate for the Group.

Basis of consolidation
The group financial statements consolidate the financial statements of Drillgreat Limited and all its subsidiary undertakings. Subsidiary undertakings are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiary undertakings acquired during the period are recorded under the acquisition method of accounting and their results included from the date of acquisition.

Monsoon Limited and its subsidiary undertakings have been included in the group financial statements using the acquisition method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of Monsoon Limited and its subsidiaries for the eight and half month period from its acquisition on 13 December 2007. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

No profit and loss account is presented for Drillgreat Limited as permitted by section 230 (4) of the Companies Act 1985.

In the parent company financial statements investments in subsidiaries are accounted for at the lower of cost and net reliasable value.

Goodwill
Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life, which is no more than 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves is taken into account in determining the profit or loss on sale or closure.

Fixed assets and depreciation
Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over the estimated useful economic lives as follows:

Short leasehold	- life of lease
Motor vehicles	- straight line over 5 years
Fixtures, fittings & equipment	- straight line over 3 to 10 years

The cost of trademarks is being written off over 10 years on a straight line basis, subject to reviews for impairment on an annual basis.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Investments
Fixed asset investments are stated at cost less any provision for impairment. This is subject to review for impairment on an annual basis.

Foreign currencies
Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The results, assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Gains and losses arising on the retranslation of opening net assets are taken to reserves.

Leases
Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. The capital elements of future obligations under leases are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding.

Rent-free periods and reverse premiums
Benefits received and receivable as incentives to sign leases are spread on a straight line basis over the lease term or, if shorter than the full lease term, over the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate.

Post-retirement benefits
The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged against profits for this scheme represents the contributions payable to the scheme in respect of the accounting period. Contributions to personal pensions for employees and directors are charged against profits as incurred.

Stocks
Stocks are stated at the lower of cost and net realisable value. The cost of stock is determined on a weighted average cost basis.

Deferred taxation
Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Turnover and other income
Turnover represents the amounts net of trade discounts (excluding value added tax and its overseas equivalents) derived from the provision of goods and services to third party customers and franchisees, and the royalty income from franchisees. Income from licenses and sub-let properties are accrued on a time basis and are recognised within 'other operating income'.

Cost of sales and expenses
Cost of sales consists of all costs to the point of sale including warehouse and transportation costs. All other costs are treated as administrative expenses including pre-opening costs for new stores which are expensed as incurred.

Financial instruments
Financial assets are recognised when the Group has rights or other access to economic benefits. Such assets consist of cash and contractual rights to receive cash. Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver financial assets to another entity. Financial assets and liabilities are offset only when a legal right of set-off exists for a determinate monetary amount.

2 Segmental information

In the opinion of the directors, the Group operates in only one class of business, being the sale of women's, men's and children's clothing and accessories, homeware and gifts. The analysis by destination is as follows:

	UK & Eire 2008 £000	International 2008 £000	Total 2008 £000
Group turnover			
Turnover by destination	**324,715**	**73,926**	**398,641**
Inter-segment sales	**17,416**	**(17,416)**	**-**
Turnover by origin	**342,131**	**56,510**	**398,641**

The 'International' segment consists of all countries outside of the UK & Eire. International profits therefore represent the combined results of the subsidiary businesses together with revenues from our franchise partners.

	Operating profit/(loss) after exceptional items 2008 £000	Net assets 2008 £000
UK & Eire	**(2,663)**	**541,990**
International	**7,000**	**15,693**
Total	**4,337**	**557,683**

3 Operating profit and exceptional items

During the period £0.2m was incurred relating to start up and dual running costs of the new distribution centre. A further £1.0m was incurred relating to the head office moving costs. Various onerous leases created an exceptional charge of £2.3m; another provision of £1.5m was created for a royalty refund expected to be received and costs relating to Drillgreats acquisition of the Monsoon Limited group amounted to £0.8m. Three subsidiary stores where also closed during the period and exceptional charges of £0.7m arose.

	62 weeks to 30 August 2008 £000
Operating profit before exceptional items	10,870
Exceptional items:	
New head office moving costs	(960)
Start-up and Dual running costs	(262)
Costs relating to the acquisition of Monsoon Limited Group	(778)
Subsidiary store closure costs	(679)
Onerous lease provision	(2,322)
Royalty refund provison	(1,532)
Operating profit after exceptional items	4,337

4 Operating Profit

	62 weeks to 30 August 2008 £000
Operating profit is stated after charging / (crediting)	
Auditors' remuneration	
- audit[1] (see note 5)	374
Depreciation of tangible fixed assets	20,020
Amortisation of intangible fixed assets	18,952
Loss on disposal of fixed assets	1,196
Operating leases - land and buildings	62,505
Exchange gains	(1,100)

[1] Company audit: £10k

5 Auditors' remuneration

The remuneration of the auditors is further analysed as follows:

		62 weeks to 30 August 2008 £000
Audit of the financial statements		193
Other fees to auditors	local statutory audits for subsidiaries	65
	-other services[1]	116
Total		374

[1] Other services includes EIRE Taxation, Bank Covenant Reporting, Turnover Audit and audit of financing transactions

6 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	Number of employees 62 Weeks to 30 August 2008
Retail and distribution	3,940
Design and buying	157
Administration	469
	4,566

The aggregate payroll costs of these persons were as follows:

	62 weeks to 30 August 2008 £000
Wages and salaries	49,861
Social security costs	3,319
Other pension costs	533
	53,713

7 Directors' emoluments

	Highest paid director 62 Weeks to 30 August 2008 £000	All 62 Weeks to 30 August 2008 £000
Salaries	114	220
Bonus[1]	121	121
Aggregate emoluments	235	341
Company pension contributions	103	103
Total	338	444

[1]Bonus reflects fees received for consultancy services relating to the acquisition by Drillgreat of the Monsoon Limited Group.

8 Other operating income

	62 weeks to 30 August 2008 £000
Rent receivable	321
Other income	18
	339

9 Interest receivable and similar income

	62 weeks to 30 August 2008 £000
Bank interest	3,377

10 Interest payable and similar charges

	62 weeks to 30 August 2008 £000
Bank overdraft interest	27
Loan Interest	9,807
Other interest	110
Finance charges payable under finance leases	345
	10,289

11 Taxation

	62 weeks to 30 August 2008 £000
UK Corporation tax at 28%	**5,944**
Overseas taxation	**729**
Total Current Tax	**6,673**
Deferred taxation	
Origination and reversal of timing differences	**(608)**
Tax on profit on ordinary activities	**6,065**

Factors affecting tax charge for the period

Loss on ordinary activities before tax	**(2,575)**
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.6%	**(736)**
Effects of:	
Net expenses not deductible for taxation purposes and other adjustments to accounting profit and loss	**7,126**
Income not taxable for tax purposes	**(108)**
Deccelerated capital allowances	**566**
Difference in tax rate on overseas earnings	**(1,003)**
Other short-term timing differences	**(180)**
Taxable Gains	**227**
Effects of change in tax rates	**71**
Unrelieved losses	**710**
Current tax charge for the period	**6,673**

Factors that may affect future tax charges
There are no additional factors to those that affected the charge for the period. The Finance Bill 2007 included changes to the standard rate of UK Corporation tax as from 1 April 2008 from the current rate of 30% to 28%.

The consolidated accounts show a deferred tax liability at £888k (note 20), as at 30 August 2008 based on the current tax rate at 28%.

12 Intangible fixed assets

	Goodwill £000	Trademarks £000	Total £000
Group			
Cost			
At the beginning of period	-	-	-
Arising on acquisition of Monsoon Limited Group	529,462	-	529,462
Acquired with subsidiaries	3,180	528	3,708
At end of period	532,642	528	533,170
Amortisation			
At the beginning of period	-	-	-
Charge for period	18,905	47	18,952
At end of period	18,905	47	18,952
Net book value			
At 30 August 2008	**513,737**	**481**	**514,218**

Trademarks are amortised over 10 years. Goodwill arising from investment in subsidiaries is capitalised and amortised over a period not more than 20 years as permitted within the provisions of FRS 10, 'Goodwill & Intangible Assets'. The following amortisation periods have been adopted: 10 years for Ireland and 20 years for Russia and France. The Company has no intangible fixed assets.

13 Tangible fixed assets

	Short leasehold premises £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Group				
Cost:				
At beginning of period	-	-	-	-
Currency translation differences	19	350	(6)	363
Arising on acquisition of Monsoon Limited Group	52,730	65,237	40	118,007
Additions	11,202	21,403	15	32,620
Disposals	(5,104)	(9,949)	(6)	(15,059)
At end of period	58,847	77,041	43	135,931
Depreciation:				
At beginning of period	-	-	-	-
Currency translation differences	26	50	(1)	75
Charge for period	4,984	15,027	9	20,020
Disposals	(2,330)	(6,054)	(6)	(8,390)
At end of period	2,680	9,023	2	11,705
Net book value				
At 30 August 2008	**56,167**	**68,018**	**41**	**124,226**

Included in the amounts for fixtures and fittings above are the following amounts held under finance leases:

	Group £000
Cost:	
At beginning of period	-
Arising on acquisition of Monsoon Limited Group	7,738
Additions	-
Disposals	(286)
At 30 August 2008	7,452
Depreciation:	
At beginning of period	-
Depreciation provided during the period	839
Disposals	(75)
At 30 August 2008	764
Net book value	
At 30 August 2008	**6,688**

14 Investments

	Shares in subsidiary undertakings £'000
Company	
Cost and net book value	
At 30 August 2008	751,232

Subsidiary undertakings	Country of incorporation	Class and percentage of shares held	Percentage of voting rights
Monsoon Limited	England & Wales	Ordinary shares 100%	100%
Monsoon Japan Limited	England and Wales	Ordinary shares 100%	100%
Monsoon Holdings Limited*	England & Wales	Ordinary shares 100%	100%
		'A' Ordinary shares 100%	N/A
Monsoon Accessorize Limited*			
Monsoon Accessorize International Limited*	England & Wales	Ordinary shares 100%	100%
Monsoon Co-ordination Services Limited*	Hong Kong	Ordinary shares 100%	100%
Monsoon Twilight Inc (Delaware)*	USA	Capital stock 100%	100%
Monsoon Accessorize Ireland Limited*	Ireland	Ordinary shares 100%	100%
Monsoon Accessorize Ireland (Holdings) Limited*	Ireland	Ordinary shares 100%	100%
Conran Properties Limited*	Ireland	Ordinary shares100%	100%
Monsoon Accessorize (Asia) Limited*	Hong Kong	Ordinary shares 100%	100%
Veter LLC*	Russia	Ordinary shares 90%	90%
Briz LLC*	Russia	Ordinary shares 90%	90%
Cyclone LLC*#	Russia	Ordinary shares 100%	90%
Monsoon Accessorize Holdings (Cyprus) Limited*	Cyprus	Ordinary shares 100%	100%
Monsoon Accessorize (Cyprus) Limited*	Cyprus	Ordinary shares 100%	100%
Powercrest Limited*#	Cyprus	Ordinary shares 100%	100%
Rivercrest Limited*#	Cyprus	Ordinary shares 90%	90%
Monsoon Accessorize SARL*	France	Ordinary shares 100%	100%
Monsoon Accessorize Japan Kabushiki Kaisha*	Japan	Ordinary shares 100%	100%
Monsoon Accessorize GmbH*	Germany	Ordinary shares 100%	100%
Monsoon Accessorize India Private Limited*	India	Ordinary shares 97.5%	97.5%

* indirect holding
\# new company established in the year

Monsoon Limited, Monsoon Holdings Limited, Monsoon Accessorize Ireland (Holdings) Limited Powercrest Limited, Rivercrest Limited, and Monsoon Accessorize (Cyprus) Limited act as holding companies for other subsidiaries within the Group. Monsoon Accessorize Holdings (Cyprus) Limited is a financing company. Monsoon Japan Limited acts as a financing company. All the remaining subsidiary undertakings are involved in the clothing and accessories retail business.

On 12 December 2007 the Company acquired the Monsoon Limited Group for a consideration of £751.2m satisfied by a share for share exchange of 134,454,887 ordinary shares of 10p at £4.24, and £184.5m cash.

Analysis of the acquisition of Monsoon Limited Group:

	Book value	Book value and fair value
	£000	£000
Net assets at the date of acquisition:		
Intangibles	3,707	3,707
Fixed assets	118,007	118,007
Stock	56,097	56,097
Debtors	62,112	62,112
Cash at bank	89,577	89,577
Creditors and provisions (a)	(101,597)	(101,597)
Creditors due after more than one year	(4,436)	(4,436)
Provision for liabilities and charges	(1,697)	(1,697)
Net assets	221,770	221,770
Goodwill arising on acquisition		529,462
		751,232
Discharged by:		
Cash		184,504
Share for share exchange		566,728
		751,232

The directors consider that the book values acquired of Monsoon Limited and its subsidiaries are equal to fair value.

Pre-acquisition results
Results for Monsoon Limited and its subsidiaries for the period from 27 May 2007 to 12 December 2007 are as follows:

	£000
Turnover	310,933
Operating profit	38,369
Exceptionals	(6,013)
Profit before taxation	32,356
Taxation	(10,010)
Profit after taxation	22,346

There were no recognised gains and losses in the period to 12 December 2007 other than the profit after taxation of £22.3m.

The profit after taxation for Monsoon Limited and its subsidiaries for the proceeding financial year ended 26 May 2007 was £30.6m.

Cash flows
With the exception of the bank loan proceeds/(repayment) of £140.9m, loan issue costs of £2.8m, loan interest repayment of £9.8m, and the consideration of £184.5m for minority interest shares, the cash flows reported in the consolidated cash flow statement reflects the cash flows of Monsoon Limited and its subsidiaries during the period from the date of acquisition to 30 August 2008.

15 Stocks

	Group 2008 £000	Company 2008 £000
Goods for resale	**55,351**	**-**

16 Debtors

	Group 2008 £000	Company 2008 £000
Trade debtors	13,063	-
Amounts owed by Group undertakings	-	268
Corporation tax	1,032	-
Other taxation and social security	-	30
Other debtors	1,742	-
Rent deposits	2,320	-
Prepayments and accrued income	16,686	29
	34,843	327

Rent deposits relate to properties in France. These deposits are due after more than one year.

17 Creditors: amounts falling due within one year

	Group 2008 £000	Company 2008 £000
Bank overdraft	2,095	-
Bank loan	6,893	6,893
Obligations under finance leases (see note 19)	1,162	-
Trade creditors	27,855	-
Other taxes and social security	12,509	-
Other creditors	9,494	-
Accruals and deferred income	59,880	218
	119,888	7,111

18 Creditors: amounts falling due after more than one year

	Group 2008 £000	Company 2008 £000
Bank loan	133,990	133,990
Obligations under finance leases (see note 19)	6,259	-
	140,249	133,990

The Groups bank loan matures on 31 August 2012 and is repayable in instalments by repaying on each Repayment Date an amount amount which reduces the Base Currency Amount of the total loan borrowed. Interest is based on LIBOR plus a fixed margin, which in the period ranged between 5.5% and 7.5%.

19 Obligations under leases

Amounts due under finance leases:

Group

	2008 £000
Amounts payable:	
Within one year	1,162
In two to five years	6,259
	7,421

The finance lease relates to fixed assets held at the lease for the Group's distribution centre.

20 Provisions for liabilities and charges

	Deferred taxation £000
Group	
At beginning of period	1,697
Credit for the period	(809)
Subtotal	888
At the end of period	888

The amounts provided for deferred taxation, which represent the full potential liability, are set out below:

	2008 £000
Difference between accumulated depreciation and amortisation and capital allowances	**959**
Other timing differences	**(71)**
	888

The Group has an unrecognised deferred tax asset of £288k in respect of capital losses. In accordance with the Group accounting policy for deferred tax the asset is not being recognised since it is not probable that suitable chargeable gains will arise which would enable the losses to be utilised. The Company has no deferred taxation, provided or not provided.

21 Called up share capital

	2008 £000
Authorised	
250,000,000 ordinary shares of 10p each	**25,000**
Allotted, called up and fully paid	
Ordinary shares of 10p each	**13,445**

During the period 134,454,887 ordinary shares at 10p each were issued for the purpose of acquiring the Monsoon Limited Group in a share for share exchange.

22 Reconciliation of movements in equity

Group	Share capital £000	Share premium reserve £000	Profit and loss account £000	Shareholders equity £000	Minority interest £000	Total equity £000
At beginning of period	-	-	-	-	-	-
Results for period	-	-	(9,475)	(9,475)	835	(8,640)
Dividend declared and paid	-	-	(325)	(325)	-	(325)
Nominal value of shares issued	13,445	-	-	13,445	-	13,445
Premium on issue	-	553,282	-	553,282	-	553,282
Exchange differences on retranslation of net assets of overseas subsidiaries	-	-	(79)	(79)	-	(79)
At end of period	13,445	553,282	(9,879)	556,848	835	557,683

Company	Share capital £000	Share premium £000	Profit and loss account £000	Total reserves £000
At beginning of period	-	-	-	-
Results for the period	-	-	44,582	44,582
Premium on issue	-	553,282		553,282
Nominal value of shares issued	13,445	-	-	13,445
At end of period	13,445	553,282	44,582	611,309

The Company's profit on ordinary activities after taxation for the financial year was £44.6m.

23 Commitments

Capital Commitments

	2008 £000
Contracted for but not provided for in the financial statements	**5,644**

Lease commitments

Annual commitments under non-cancellable operating leases are as follows:

Group	**2008 Land and Buildings £000**
Operating leases which expire:	
Within one year	**6,369**
In the second to fifth years inclusive	**27,846**
Over five years	**50,556**
	84,771

Bank guarantees

There is a bank guarantee in favour of HM Customs and Excise to cover a duty deferment facility. As at 30 August 2008 this amounted to £1.5m. The only other bank guarantees are cross-guarantees between Drillgreat Limited, Monsoon Limited, Monsoon Holdings Limited, Monsoon Accessorize Limited and Monsoon Accessorize Ireland Limited.

24 Financial instruments

Financial assets

The interest rate and currency profiles of the Group's financial assets and liabilities, excluding short-term debtors and creditors, at the end of the year are shown below:

Currency	2008 Floating rate £000	2008 Non-interest bearing £000	**2008 Total £000**
Sterling	47,204	6,348	**53,552**
Euro	13,310	6,049	**19,359**
US dollar	7,557	796	**8,353**
Other	7,722	1,084	**8,806**
	75,793	14,277	**90,070**

Floating rate financial assets comprise cash deposits on money market deposits on call and two day rates. Sterling and euro denominated bank balances earn interest at a rate linked to LIBOR. US dollar-denominated bank balances earn interest at a rate linked to the US prime rate.

The financial assets on which no interest is earned represent primarily the Group's current account Euro, US Dollar and Sterling bank facilities of £14.3m.

Currency exposures

Functional currency of group operations	Net foreign currency monetary assets/ (liabilities)				
	Sterling £000	**Euro** £000	**US Dollar** £000	**Other** £000	**Total** £000
2008					
Sterling	-	4,506	3,542	3	8,051
Euro	213	-	-	-	213
Other	68	12	3,787	-	3,867
Total	281	4,518	7,329	3	12,131

When directors consider it necessary, appropriate instruments are utilised to limit risk exposure to foreign currency movements.

Within the Group, the principal differences on exchange arising, which are taken to the profit and loss account, relate to purchases made by Group companies in currencies other than reporting currencies.

Fair values of financial assets & financial liabilities

	Book value 2008 £000	**Fair value 2008 £000**
Primary financial instruments		
Cash and short-term deposits	90,070	90,070
Rent deposits	2,320	2,320
Bank loan	(140,883)	(140,883)
Finance lease liabilities	(7,421)	(7,421)
Overdraft	(2,095)	(2,095)
Total	(58,009)	(58,009)

For all other financial assets and financial liabilities the carrying value is equal to book value. Market values have been used to determine the fair value of the above financial instruments.

Borrowing facilities
The Group has borrowing facilities available to it. The undrawn facilities at 30 August 2008 were £37.9m. There are no expiry clauses.

Interest rate risk
The Group incurs interest charges on its overdraft where there are insufficient funds to offset any overdrawn balance. A group offset facility is in place to minimise exposure.

Credit risk
Operating an international franchise business exposes the Group to potentially volatile revenue streams and the risk of financial loss due to a counterparty's failure to honour its obligations. This arises principally in the relation to the sale of goods and provision of services. Credit controls are in place to minimise any such losses. The concentration of risk is with trading receivables due from the franchisees.

Liquidity risk
The maturity profile of the Group's financial liabilities at the year end are as follows:

	2008 £000
In one year or less	10,150
In two to five years	140,249
Total	**150,399**

The overdraft is comprised of £1,843k held in sterling, and £252k held in dollars. The remainder of the Group's financial liabilities comprise two finance leases of £7,421k, and a loan of £140,883, all denominated in sterling.

The overdraft is subject to a right of set-off against positive cash balances. Interest is only payable on the overdraft when the overall net cash position is in overdraft. Interest will then be payable at the Bank of England base rate plus 0.1%.

25 Reconciliation of operating profit to net cash inflow from operating activities

	62 weeks to 30 August 2008 £000
Operating profit	4,337
Depreciation charge	20,020
Loss on disposal of fixed assets	1,196
Amortisation of intangible assets	18,952
Decrease in stocks	1,023
Increase in debtors	28,343
Increase in creditors	13,945
Other non-cash movements	(835)
Net cash inflow from operating activities	86,981

26 Analysis of cash flows from headings netted in the cash flow statement

	62 weeks to 30 August 2008 £000
Returns on investment and servicing of finance	
Interest received	3,338
Interest paid	(10,289)
Net cash outflow from returns on investment and servicing of finance	(6,951)
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(27,433)
Net cash outflow from capital expenditure and financial investment	(27,433)
Acquisition and disposals	
Purchase of Monsoon Limited Group – Minority interest	(184,504)
Cash acquired	89,577
Net cash outflow from acquisitions and disposals	(94,927)
Financing	
Proceeds/(repayment loan)	140,884
Loan finance costs	(2,751)
Finance lease	(891)
Dividend	(325)
Net cash inflow from financing activities	136,917
Management of liquid resources	
Increase in short-term deposits	12,144

Significant non-cash movement

Cash and liquid resources
Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources comprise term deposits of less than one year (other than cash) and investments in money market managed funds, which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

Exceptional item cash flow
The cash outflow arising from the exceptional items was £6.5m

27 Analysis of net funds

	At beginning of period £000	Cashflow £000	Exchange movement £000	Acquisition £000	Other non-cash movements £000	At end of period £000
Cash at hand and in bank	-	6,137	(81)	-	-	6,056
Overdrafts	-	(2,095)	-	-	-	(2,095)
		4,042	(81)	-	-	3,961
Liquid resources	-	12,144	-	71,870	-	84,014
	-	16,186	(81)	71,870	-	87,975
Finance lease	-	891	-	(5,430)	(2,882)	(7,421)
Bank loan	-	(140,883)	-	-	-	(140,883)
Total	-	(123,806)	(81)	66,440	(2,882)	(60,329)

Cash at bank and in hand consist of mainly balances in Sterling, Euros and US dollars, which are currencies in which the Company trades.

28 Post-retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged against profits for this scheme represents the contributions payable to the scheme in respect of the accounting period totalled £0.5m. At the year end £0.5m was unpaid and accrued.

29 Related party disclosures

In accordance with Financial Reporting Standard No 8: Related Party Disclosures, the Company is exempt from disclosing transactions with entities that are part of the Monsoon Limited Group or investees of the group qualifying as related parties, as it is a wholly owned subsidiary of a parent undertaking publishing consolidated financial statements. The following other related party transactions occurred during the period.

(i) Hartley SIPP (formerly Monsoon Executive Pension Scheme) re P Simon

Three retail properties were leased to the Group by Hartley SIPP (formerly Monsoon Executive Pension Scheme), of which Peter Simon is a member, though only one property was still being leased to the Group by the end of the period. The aggregate rentals payable by the Group amounted to £234,979 (2007: £346,082).

(ii) Stoneham Properties Limited

During the extended financial period to 30 August 2008, the Group was charged rent on 87 Lancaster Road to the value of £240,760 (2007: £229,803) by Stoneham Properties Limited, which as at 30 August 2008 is a subsidiary of Sycamore Holdings Limited. 87 Lancaster Road was disposed by the Group on the 13 June 2008 at which point the Group held no further interest in the property. Sycamore Holdings Limited is owned by Fleming Family and Partners AG (Liechtenstein) in its capacity as trustee of one of Peter Simon's family trusts.

(iii) Coral Estates Limited

The Group leased its old head office in Paddington from Coral Estates Limited and paid rent during the extended financial period to 30 August 2008 of £1,712,307 (2007: £1,520,421) There was no prepayment at 30 August 2008 (2007: £123,667). The Group vacated the head office in Paddington on the 23 June 2008, however under the agreement the lease cannot be surrendered for 2 years. Coral Estates Limited is owned by Credit Suisse Trust Limited in its capacity as trustee of one of Peter Simon's family trusts.

(iv) Ibiza Franchise

The franchise partner for Ibiza is Camilla Simon, daughter of Peter Simon. Transactions with the franchisee are carried out at arms length. During the period, the Group invoiced the franchisee £157,584 for stock, £32,936 for non stock and £71,007 for royalty. The debtor balance at 30th August 2008 was £23,091.

(v) Nottingdale Limited

The Monsoon Group lease of its new head office at 1 Nicholas Road, London commenced on 17 March 2008 at an annual rent of £3,758,430 from Nottingdale Limited. The annual rent is based on independent numbers. During the period the Group paid rent of £1,386,672 (2007: nil). The amount accrued at 30 August 2008 was £309,000 (2007: nil). Nottingdale is owned by Credit Suisse Trust Limited in its capacity as trustee of one of Peter Simon's family trusts.

30 Events since Balance date

On 10 September 2008 the Board of Drillgreat proposed and paid a dividend to shareholders of £6.5m.

On 31 October 2008 the Monsoon Group acquired two stores in Latvia located at Origo and the Galleris Centre.

On 10 December 2008 the Monsoon Group entered into a low cost financing structure with the Royal Bank of Scotland Plc to convert sterling borrowings (£69.0m) to Japanese Yen (13,033m).

On 15 December 2008 the Monsoon Group completed the transfer of its Wellingborough Distribution centre in-house, with the transfer of 287 permanent staff to Monsoon. The distribution centre is a modern fully bonded facility providing distribution to nearly 1000 stores worldwide in over 50 countries.

31 Ultimate parent undertaking

The ultimate parent undertaking at 30 August 2008 is Balmain Limited, a company incorporated in the British Virgin Islands, which was the holding company of the largest and smallest group.

32 Ultimate controlling party

The directors consider that Fleming Family and Partners (Liechtenstein) AG, in its capacity as trustee of the Beauchamp Trust (the owner of Balmain Limited), is the ultimate controlling party of the Company. Peter Simon has a beneficial interest in the shares owned by the Beauchamp Trust.