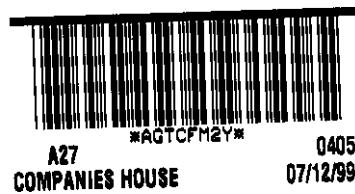


Registered Number : 454264

**C.C.M. LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**2 April 1999**



## C.C.M. LIMITED

### REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report to the members together with the accounts for the 53 weeks ended 2 April 1999.

#### Activities and review of business

The company's principal activity is the sale of industrial and commercial clothing which it manufactured in the UK or sources from overseas. The results for the year and the movement in reserves are set out on page 3 and page 11.

#### Fixed Assets

Movements of fixed assets are shown in note 5 to the accounts.

#### Tax Status

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

#### Charitable and Political Donations

The company contributed £421 (1998: £1,687) to charitable purposes during the year. No political donations were made during the year (1998: £Nil).

#### Dividends

The directors do not recommend the payment of a dividend (1998: £Nil).

#### Year 2000 Compliance and Euro

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and therefore will require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

A programme designed to address the impact of the year 2000 on our business and to deal with the key risks is well advanced. Given the complexity of the problem, it is not possible for any organisation to guarantee that no year 2000 problems will remain, because at least some level of failure may still occur. However, the directors believe that an acceptable state of readiness will be achieved and have provided resources both to implement the programme and to deal promptly with significant subsequent failures that might arise.

Much of the cost of implementing the action plans will be subsumed into the recurring activities of the departments involved. The total cost of modifications to our computer hardware and software is estimated at £12,000, most of which is in respect of new equipment that will be capitalised, the remainder being expensed as incurred. Most of the total expenditure had been incurred as at 2 April 1999.

The introduction of the Euro has not had any material effect on the company.

#### Directors

The directors who served during the year were:

Mr K P Brown	(Resigned 11 May 1998)
Mr D R Toon	
Mr G W Holmes	
Mr G A Collis	(Appointed 11 January 1999)
Mr J E Jackson	(Resigned 16 July 1998)
Mr R Broome	
Mr P Maltby	
Mr A M McCrae	(Chairman)

Messrs Holmes and Toon retire by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting. Mr Collis, being a director appointed during the year, offers himself for election at the forthcoming Annual General Meeting.

**C.C.M. LIMITED**

**REPORT OF THE DIRECTORS (continued)**

**Directors(continued)**

Mr D Gawler and Mr R A Careless were appointed as directors of the company subsequent to the year end on 10 August 1999.

The beneficial interests of each of the directors, who was not a director of the ultimate parent undertaking during the year, in the shares of the ultimate parent undertaking at the end of the financial year were as follows:

	2 April 1999 <u>Number</u>	28 March 1998 <u>Number</u>
Semara Holdings Plc 25p Ordinary shares		
Mr G W Holmes	5,000	-
Mr R Broome	2,100	-

No director of the company exercised any share options in the ultimate parent company, Semara Holdings Plc (formerly Sketchley Plc), during the year.

**Employee participation**

All employees are kept informed of the progress of the company by means of regular newsletters. In addition, briefing meetings are held to communicate current issues, progress and general matters of interest.

**Employment of disabled persons**

The company continues to respect its legal and social responsibilities with regard to the employment of disabled persons. All applications for employment, for training and development, and for maintaining continuity of employment are considered entirely on merit according to the requirements of each position and with equal opportunities being provided for the disabled.

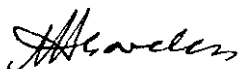
**Payment to Suppliers**

The Company's policy on suppliers states that they will be paid in accordance with agreed terms and conditions of trade. At the 2 April 1999 the Company's trade creditors falling due within one year represented approximately 57 days of purchases.

**Auditors**

A resolution concerning the reappointment of Ernst & Young as auditors of the company will be proposed at the Annual General Meeting.

By order of the board



R A Careless  
Secretary

23 November 1999

**C.C.M. LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE 53 WEEKS 2 APRIL 1999**

	<u>Note</u>	<u>2 April 1999</u> £000	<u>28 March 1998</u> £000
TURNOVER			
Continuing operations		15,784	12,502
Operating expenses	2	(14,495)	(11,502)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,289</u>	<u>1,000</u>
Taxation on profit on ordinary activities	4	-	-
RETAINED PROFIT		<u><u>1,289</u></u>	<u><u>1,000</u></u>

A statement of reserves is set out in note 12.

The notes referred to above form part of these accounts.

**RECOGNISED GAINS AND LOSSES**

There are no recognised gains and losses other than the profit attributable to the shareholders of the company of £1,289,000 for the 53 weeks ended 2 April 1999 and of £1,000,000 for the 52 weeks ended 28 March 1998.

**BALANCE SHEET AT 2 APRIL 1999**

Alastair G. Rae

Director

23 November 1999

**C.C.M. LIMITED**

**2 April 1999**

**NOTES TO THE ACCOUNTS**

**1 ACCOUNTING POLICIES**

These accounts are prepared under the historical cost convention, subject to the revaluation of certain properties, and in accordance with all applicable accounting standards.

**(a) Turnover**

Turnover comprises the net amount charged to customers for goods and services supplied. All turnover is derived in the U.K. from the company's single activity of the sale of industrial and commercial clothing which it manufactures in the UK or sources from overseas.

**(b) Depreciation**

Depreciation is provided on the cost or valuation of tangible assets on a straight line basis over the estimated life of each asset. The principal asset lives are as follows:

Freehold buildings	- 50 years
Vehicles	- 4 to 7 years
Plant and fittings	- 3 to 10 years

**(c) Stocks**

Stocks comprise finished stocks, work in progress and consumables and are stated at the lower of cost and net realisable value.

**(d) Deferred taxation**

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

**(e) Operating leases**

Gross rentals arising on assets used under operating leases are charged to the Profit and Loss Account in the period to which they relate on a straight line basis.

**(f) Pension costs**

The majority of the company's employees are eligible for membership of one of the Semara Holdings Plc (formerly Sketchley Plc) U.K. pension schemes. The provisions of SSAP 24 have been adopted in the consolidated accounts of Semara Holdings Plc and particulars of the latest actuarial valuations of the Group's Pension schemes are included in the consolidated accounts of that company.

**C.C.M. LIMITED**

**2 April 1999**

**NOTES TO THE ACCOUNTS**

**2 OPERATING EXPENSES**

Profit is stated after charging:

	<u>1999</u>	<u>1998</u>
	£000	£000
Raw materials and consumables	6,680	5,835
Staff costs	3,040	2,862
Depreciation of tangible assets	175	162
Auditors' remuneration	14	12
Operating lease rentals - plant and machinery	82	110
Other operating charges	4,504	2,521
	<u>14,495</u>	<u>11,502</u>

**3 REMUNERATION OF DIRECTORS AND EMPLOYEES**

<b>(a) Staff costs</b>	<u>1999</u>	<u>1998</u>
	£000	£000
Wages and salaries	2,745	2,590
Social security	256	247
Pension costs	39	25
	<u>3,040</u>	<u>2,862</u>

The average number of employees during the year was:

	<u>1999</u>	<u>1998</u>
	Number	Number
Production	169	164
Sales	16	14
Warehouse and distribution	27	23
Administration	10	10
	<u>222</u>	<u>211</u>

**C.C.M. LIMITED**

**2 April 1999**

**NOTES TO THE ACCOUNTS**

**(b) Directors emoluments**

	<u>1999</u>	<u>1998</u>
	<u>£000</u>	<u>£000</u>
Directors' emoluments excluding pension contributions	<u>197</u>	<u>173</u>

During the year all of the executive directors were members of the Group's defined benefit pension schemes.

**4 TAXATION**

No provision has been made for current tax since all taxable profits have been eliminated by group relief.

**C.C.M. LIMITED**

**2 April 1999**

**NOTES TO THE ACCOUNTS**

**5 TANGIBLE ASSETS**

	Freehold land and buildings £000	Vehicles fixtures and plant £000	Total £000
Cost or valuation :			
At 28 March 1998	993	1,323	2,316
Additions	5	153	158
Disposals	-	(3)	(3)
Revaluation	(48)	-	(48)
	<hr/>	<hr/>	<hr/>
At 2 April 1999	950	1,473	2,423
	<hr/>	<hr/>	<hr/>
Cost	-	1,473	1,473
Valuation, 1999	950	-	950
	<hr/>	<hr/>	<hr/>
	950	1,473	2,423
	<hr/>	<hr/>	<hr/>
Depreciation :			
At 28 March 1998	164	755	919
Provided in the year	26	149	175
Disposals	-	(1)	(1)
Revaluation	(190)	-	(190)
	<hr/>	<hr/>	<hr/>
At 2 April 1999	-	903	903
	<hr/>	<hr/>	<hr/>
Net book value at 2 April 1999	<u>950</u>	<u>570</u>	<u>1,520</u>
	<hr/>	<hr/>	<hr/>
Net book value at 28 March 1998	<u>829</u>	<u>568</u>	<u>1,397</u>

A valuation of the company's freehold property was carried out at 2 April 1999 by external valuers, King Sturge & Company, a firm of Chartered Surveyors. The property was valued at open market value on an existing use value basis in accordance with the RICS Appraisal and Valuation Manual.

For freehold land and buildings included at valuation, 1999 :	<u>£000</u>
Historical cost at 2 April 1999	401
Depreciation based on historical cost at 2 April 1999	(298)
Historical cost net book value at 2 April 1999	<u>103</u>

**C.C.M. LIMITED**

**2 April 1999**

**NOTES TO THE ACCOUNTS**

**6 STOCKS**

	<u>1999</u>	<u>1998</u>
	£000	£000
Finished goods and work in progress	2,622	2,353
Raw materials and consumables	532	573
	<u>3,154</u>	<u>2,926</u>

**7 DEBTORS**

	<u>1999</u>	<u>1998</u>
	£000	£000
Trade debtors	1,505	1,565
Amounts owed by ultimate parent undertaking	62	67
Amounts owed by fellow subsidiary undertakings	395	538
Prepayments, accrued income and other debtors	168	60
	<u>2,130</u>	<u>2,230</u>

**8 CREDITORS : AMOUNTS FALLING DUE  
WITHIN ONE YEAR**

	<u>1999</u>	<u>1998</u>
	£000	£000
Trade creditors	1,327	978
Amounts owing to parent undertaking	12	6
Amounts owing to fellow subsidiary undertakings	16	40
Other taxes and social security costs	348	303
Accruals and other creditors	374	303
	<u>2,077</u>	<u>1,630</u>

**C.C.M. LIMITED**

**2 April 1999**

**NOTES TO THE ACCOUNTS**

**9 PROVISIONS FOR LIABILITIES AND CHARGES**

Deferred taxation comprises :	<u>1999</u>		<u>1998</u>	
	Provided	Not Provided	Provided	Not Provided
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
As a result of :				
Capital allowances				
exceeding depreciation	-	135	-	147
Property revaluation	-	97	-	60
Rollover relief	-	100	-	110
Other timing differences	-	(26)	-	(7)
	<u>-</u>	<u>306</u>	<u>-</u>	<u>310</u>

**10 SHARE CAPITAL**

	<u>1999</u>	<u>1998</u>
	<u>£000</u>	<u>£000</u>
Authorised :		
25,000 Ordinary shares of £1 each	<u>25</u>	<u>25</u>
Allotted, called up and fully paid :		
18,400 Ordinary shares of £1 each	<u>18</u>	<u>18</u>

**11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS**

	<u>2 April 1999</u>	<u>28 March 1998</u>
	<u>£000</u>	<u>£000</u>
Profit for the financial year	1,289	1,000
Depreciation on revalued assets	(5)	0
Revaluation of fixed assets	142	0
	<u>1,426</u>	<u>1,000</u>
Shareholders funds at 28 March 1998	5,419	4,419
Shareholders funds at 2 April 1999	<u>6,845</u>	<u>5,419</u>

**C.C.M. LIMITED**

**2 April 1999**

**NOTES TO THE ACCOUNTS**

**12 RESERVES**

	Revaluation Reserve £000	Profit and Loss Account £000
Balance at 28 March 1998	182	5,219
Retained profit for year	-	1,289
Revaluation of fixed assets	142	-
Depreciation on revalued assets	-	(5)
Balance at 2 April 1999	<u>324</u>	<u>6,503</u>

**13 CAPITAL COMMITMENTS**

There were no capital commitments outstanding at 2 April 1999 (1998:£Nil)

**14 COMMITMENTS UNDER NON-CANCELLABLE OPERATING LEASES PAYABLE DURING THE NEXT FINANCIAL YEAR**

	1999 £000	1998 £000
Leases of land and buildings which expire:		
Between one and two years	-	32
Between two and five years	-	-
Over five years	46	14
	<u>46</u>	<u>46</u>

**15 CONTINGENT LIABILITY**

Under the terms of unlimited cross guarantee arrangements with the Group's bankers, the company had guaranteed the liabilities to the banks of Semara Holdings Plc (formerly Sketchley Plc) and certain of its subsidiary companies amounting in total at 2 April 1999 to £33,234,000 (1998: £41,229,000).

The Group's bank borrowings are secured by a fixed and floating charge over the Company's assets.

**16 PARENT UNDERTAKING**

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Semara Holdings Plc (formerly Sketchley Plc), registered in England. At 2 April 1999, the company's ultimate parent undertaking was Semara Holdings Plc. Copies of the group accounts of Semara Holdings Plc can be obtained from its registered office at Rugby Road, Hinckley, Leicestershire LE10 2NE.

**C.C.M. LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT  
OF THE ACCOUNTS**

Company law requires 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 period. 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;
- .. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- .. 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 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.

The directors confirm that the above requirements have been complied with in the accounts.

## **REPORT OF THE AUDITORS TO THE MEMBERS OF**

### **C.C.M. LIMITED**

We have audited the accounts on pages 3 to 11, which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and on the basis of the accounting policies set out on page 5.

#### **Respective responsibilities of directors and auditors**

As described on page 12 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

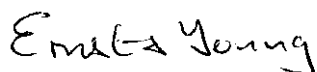
#### **Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 at 2 April 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Registered Auditor  
London

24 November 1999