

For the year ended 31 December 2000

Distinctive Clothing Company Limited

Company number: 670438

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

MAZARS NEVILLE RUSSELL
Chartered Accountants
24 Bevis Marks
LONDON EC3A 7NR



DISTINCTIVE CLOTHING COMPANY LIMITED

DIRECTORS:

D F Goldwater
A Coulter
P.McDonald
A Milor
K C Scates

SECRETARY:

A Coulter

REGISTERED OFFICE:

Marmair House
Industry Road
Newcastle Upon Tyne
NE6 5XB

AUDITORS:

Mazars Neville Russell
24 Bevis Marks
London
EC3A 7NR

BANKERS:

Barclays Bank Plc
Pall Mall Corporate Banking Group
PO Box No 15162
50 Pall Mall
London
SW1A 1QB

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DIRECTORS' REPORT

The directors' present their report and financial statements for the year ended 31 December 2000.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements 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 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; and
- * state whether applicable 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 company will continue in business.

The directors are responsible for maintaining 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 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.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is the manufacture of children's clothing. The company's results for the year ended 31 December 2000 are shown in the attached financial statements.

FUTURE DEVELOPMENTS

The directors are continually looking at ways to improve the level or scope of the company's operation and in particular are considering the development and expansion of export trade.

DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 December 2000.

DIRECTORS

The directors set out below have held office during the whole of the period from 1 January 2000 to the date of this report.

D F Goldwater	
T P Anderson	(Resigned 30 June 2000)
A Coulter	
P McDonald	
A Milor	
K C Scates	

DIRECTORS' REPORT (continued)

SHARE INTERESTS

None of the directors have any interest in the shares of the company.

The directors who are not directors of the holding company have the following shareholdings in SEET plc., the ultimate holding company.

	Ordinary shares of 20p each	
	31 December 2000 Number	1st January 2000 Number
D F Goldwater	165,000	195,000
A Coulter	300,000	350,000

AUDITORS

Mazars Neville Russell have signified their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the forthcoming annual general meeting.

Approved by the Board on 23rd April 2001
and signed on its behalf by



A. Coulter
Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS OF DISTINCTIVE CLOTHING COMPANY LIMITED

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We have audited the financial statements on pages 4 to 14 which have been prepared following the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of financial statements. Our responsibilities, as independent auditors, are established 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. 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 contained in the Annual Report and consider whether it is consistent with the audited financial 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MAZARS NEVILLE RUSSELL
CHARTERED ACCOUNTANTS
and Registered Auditors

London

26th April 2001

DISTINCTIVE CLOTHING COMPANY LIMITED

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PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2000

		2000	1999
	Notes	£	£
TURNOVER	2	3329872	3104286
Change in stocks of finished goods and work in progress		(50197)	1557
		3279675	3105843
Raw materials and consumables	(1217539)		(1164121)
Other external charges	(314442)	(1531981)	(299710)
			(1463831)
Staff costs	5 (1159059)		(1102125)
Depreciation	(42468)		(46182)
Trading expenses	(304924)		(311309)
Other operating income	12147	(1494304)	(-5102)
			(1464718)
OPERATING PROFIT	3	253390	177294
Interest payable	4	(13535)	(4591)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		239855	172703
Tax on profit on ordinary activities	7	(44198)	(6896)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		195657	165807
Dividend		141725	500000
RETAINED PROFIT FOR THE YEAR	15,16	53932	(334193)

There are no recognised gains or losses other than the profit for the year to 31 December 2000.

The results for the year shown above all derived from continuing operations.

NOTE OF HISTORICAL PROFITS

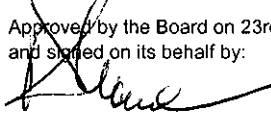
For the year ended 31 December 2000

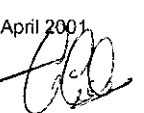
	2000 £	1999 £
Reported profit on ordinary activities before taxation	239855	172703
Difference between a historical cost depreciation charge and the actual depreciation charge for the period	3600	3600
Historical cost profit on ordinary activities before taxation	243455	176303
Historical cost retained loss/profit for the period	31730	(330593)

BALANCE SHEET as at 31 December 2000

		2000		1999	
	Notes	£	£	£	£
ASSETS EMPLOYED					
FIXED ASSETS					
Tangible assets	8		409446		441291
CURRENT ASSETS					
Stocks	9	514351		564548	
Debtors	10	590390		545539	
Cash at bank and in hand		<u>216971</u>		<u>591683</u>	
		1321712		1701770	
CREDITORS: AMOUNTS DUE WITHIN ONE YEAR	11	<u>422157</u>		<u>866425</u>	
NET CURRENT ASSETS			<u>899555</u>		<u>835345</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1309001		1276636
CREDITORS: AMOUNTS DUE AFTER ONE YEAR	12	8963		29370	
PROVISIONS FOR LIABILITIES AND CHARGES	13	<u>8025</u>		<u>9185</u>	
		(<u>16988</u>)		(<u>38555</u>)	
NET ASSETS			<u>1292013</u>		<u>1238081</u>
CAPITAL AND RESERVES					
Called up share capital	14	15000		15000	
Revaluation reserve	15	218141		221741	
Profit and loss account	15	<u>1058872</u>		<u>1001340</u>	
SHAREHOLDERS' FUNDS	16	<u>1292013</u>		<u>1238081</u>	

Approved by the Board on 23rd April 2001
and signed on its behalf by:


D F GOLDWATER
Director


A COULTER
Director

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

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ACCOUNTING POLICIES

The following accounting policies have been prepared in accordance with applicable accounting standards.

(a) Accounting convention

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain assets.

(b) Turnover

Turnover represents amounts invoiced, excluding value added tax, in respect of the sale of goods to customers.

(c) Tangible fixed assets and depreciation

No depreciation is provided on freehold land.

Provision for depreciation, mainly on a reducing balance basis, is charged to write off all other tangible fixed assets over their anticipated lives which are estimated to be:

Freehold buildings	-	50 years
Plant, machinery, equipment and vehicles	-	3 - 10 years

(d) Stock and work in progress

These are valued at the lower of cost and net realisable value. Cost of work in progress and finished goods includes materials, direct labour and production overheads. Net realisable value is based on estimated selling prices less distribution costs.

(e) Deferred tax

Deferred taxation is accounted for on the liability method in respect of all timing differences, except where they are not expected to reverse in the foreseeable future.

(f) Foreign currencies

Assets, liabilities and costs in foreign currencies are translated into sterling at rates of exchange ruling on the date on which transactions occur, except for:

- i) trading transactions settled against forward contracts; and
- ii) monetary assets and liabilities translated at exchange rates applicable at the balance sheet date.

Differences arising on the translation of such terms are dealt with in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000 (continued)

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ACCOUNTING POLICIES (continued)

(g) Operating leases

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

(h) Finance leases

Assets held under finance leases and related lease obligations are included at the fair value of the assets at the inception of the lease. Depreciation on leased assets is calculated to write off this amount on a straight line basis over the shorter of the lease term and the useful life of the asset.

Rentals payable are apportioned between the finance charge and a reduction of the outstanding obligation for future amounts payable, so that the charge for each accounting period is a constant percentage of the remaining balance of the capital sum outstanding.

(i) Pension costs

The company makes contributions to directors' personal pension plans. Pension costs for the period amounted to £11,855 (1999:£10,734). No contributions were outstanding at the balance sheet date.

(j) Cash flow statement

The company is exempt from the requirement to produce a cash flow statement as it is a wholly-owned subsidiary of an EC company that prepares a cash flow statement.

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SEGMENTAL INFORMATION

TURNOVER

	2000 £	1999 £
United Kingdom	2979329	2724452
Eire	32042	109448
Rest of Europe	192235	165850
Other	<u>126266</u>	<u>104536</u>
	3329872	3104286
	<u><u>3329872</u></u>	<u><u>3104286</u></u>

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OPERATING PROFIT

	2000 £	1999 £
Operating profit is stated after charging/(crediting)		
Directors' emoluments (note 6)	193501	200616
Depreciation - assets owned	29964	30149
- assets leased	12504	16033
Foreign exchange profits	10991	(5514)
Auditors remuneration	12000	12000
(Profit) /Loss on sale fixed assets	(201)	(0)
	<u><u>(201)</u></u>	<u><u>(0)</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000 (continued)

4	INTEREST PAYABLE AND SIMILAR CHARGES	2000 £	1999 £
	Bank loans, overdrafts and other loans repayable within five years not by instalments	9,206	728
	Finance leases and hire purchase obligations terminating within five years	4329	3863
		13535	4591

5	STAFF COSTS	2000 £	1999 £
	Wages and salaries	1064288	1013152
	Social security costs	82916	78239
	Other pension costs	11855	10734
		1159059	1102125

The average number of persons employed by the company, including executive directors, during the period was:

	2000	1999
Sales and distribution	3	3
Office, administration and management	7	7
Production	76	78
	86	88

6	DIRECTORS	2000 £	1999 £
	Directors' emoluments amounted to:		
	Remuneration as executives	158655	165500
	Pensions	11855	10734
	Taxable benefits	22991	24382
		193501	200616

The emoluments of the directors disclosed above include the following amounts paid to the highest paid director:

	2000	1999
Emoluments	72079	67740
Pensions	5100	4500
	77179	72240

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000 (continued)

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TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
UK corporation tax at 30.00% (1999: 21.08%)	45358	8600
Transfer from deferred tax	(1160)	(1704)
	<u>44198</u>	<u>6896</u>

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TANGIBLE FIXED ASSETS

	Freehold properties £	Plant machinery equipment and vehicles £	Total £
COST AND VALUATION			
At 1 January 2000	325000	544162	869162
Additions	-	11222	11222
Disposals	-	(26907)	(26907)
At 31 December 2000	<u>325000</u>	<u>528477</u>	<u>853477</u>
DEPRECIATION			
At 1 January 2000	49287	378584	427871
Charge for the period	5500	36968	42468
Disposals	-	(26308)	(26308)
At 31 December 2000	<u>54787</u>	<u>389244</u>	<u>444031</u>
NET BOOK VALUES			
At 31 December 2000	<u>270213</u>	<u>139233</u>	<u>409446</u>
At 31 December 1999	<u>275713</u>	<u>165578</u>	<u>441291</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000 (continued)

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TANGIBLE FIXED ASSETS(continued)

	2000 £	1999 £
The cost or valuation figure for land and buildings includes:		
Valuation made in 1992	219345	219345
Valuation made in 1998	(40000)	(40000)
Stated at historical cost	<u>145655</u>	<u>145655</u>
	325000	325000

Freehold property was revalued in February 1999 by Messrs Lamb & Edge, Chartered Surveyors on the basis on the open market value for existing use.

The amount of land and buildings as determined on the historical cost accounting rules is :

	2000 £	1999 £
Cost	145655	145655
Depreciation	(38260)	(36347)
Net book value	<u>107395</u>	<u>109308</u>

The net book values of land and buildings comprise:

Freehold land	50000	50000
Freehold buildings	<u>220213</u>	<u>225713</u>
	270213	275713

The net book values and related depreciation charge for the period in respect of assets held under finance leases and hire purchase contracts are as follows:

	N.B.V.		Depreciation	
	2000	1999	2000	1999
Motor vehicles	37512	50016	38766	26262
Office Equipment	8512	13470	9896	4938

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STOCKS

	2000 £	1999 £
Raw materials and consumables	222844	254742
Work in progress	91000	129972
Finished goods and goods for resale	<u>200507</u>	<u>179834</u>
	514351	564548

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000 (continued)

10	DEBTORS:	2000	1999
		£	£
	Trade debtors	301833	269229
	Amount owed by parent undertaking	244985	221258
	Other debtors	15356	27573
	Prepayments and accrued income	<u>28216</u>	<u>27479</u>
		590390	545539
		<u><u>590390</u></u>	<u><u>545539</u></u>
	Trade debtors include an amount of £4,890 due from a fellow subsidiary undertaking.		
11	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2000	1999
		£	£
	Obligations under finance leases and hire purchase contracts	19684	19684
	Trade creditors	143997	165144
	Amounts owed to group undertaking	100142	74248
	Corporation tax	30018	(2772)
	Other taxes and social security	21916	21774
	Proposed dividend	0	500000
	Accruals and deferred income	<u>106400</u>	<u>88347</u>
		422157	866425
		<u><u>422157</u></u>	<u><u>866425</u></u>
12	CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	2000	1999
		£	£
	Obligations under finance leases and hire purchase contracts	5626	25306
	Deferred income	<u>3337</u>	<u>4064</u>
		8963	29370
		<u><u>8963</u></u>	<u><u>29370</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000 (continued)

13 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

	2000 £	1999 £
The balance at 31 December 2000 is made up as follows:		
Timing difference:		
Accelerated capital allowances	8025	9185
	<u> </u>	<u> </u>

A revaluation surplus of £225,341 is not regarded as giving rise to a timing difference and consequently the associated deferred tax has not been quantified

The full potential liability on accelerated capital allowances is £34,728 (31 December 1999: £34,728).

14 CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised, allotted, called up and fully paid: 5,000 'A' ordinary shares of £1 each	5000	5000
Authorised,allotted,called up and fully paid: 10,000 ordinary shares of £1 each	<u>10000</u>	<u>10000</u>
	<u>15000</u>	<u>15000</u>
	<u> </u>	<u> </u>

15 RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 January 2000	221741	1001340
Profit for the period	-	53932
Transfer from revaluation reserve to profit and loss account	(3600)	<u>3600</u>
At 31 December 2000	<u>218141</u>	<u>1058872</u>
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000 (continued)

16	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2000 £	1999 £
	Profit for the financial year	195657	165807
	Dividend payable	(141725)	(500000)
	Revaluation of freehold properties	(0)	(0)
	Net increase to shareholders' funds	53932	(334193)
	Opening shareholders' funds	<u>1238081</u>	<u>1572274</u>
	Closing shareholders' funds	<u>1292013</u>	<u>1238081</u>
17	CONTINGENT LIABILITIES		
	The company has entered into a cross guarantee dated 4 September 1997 in respect of all group borrowings with other group companies. The total amount of this liability at 31 December 2000 is £3,171,333.(1999:£2,860,925)		
18	ULTIMATE HOLDING COMPANY		
	The company is a wholly owned subsidiary of Marmair Holdings Limited, a company registered in England and Wales. The directors regard SEET plc, registered in Scotland, as the company's ultimate holding company.		
19	CAPITAL COMMITMENTS	2000 £	1999 £
	Capital expenditure contracted for but not provided for in the financial statements	5990	-
20	FINANCIAL COMMITMENTS		
	At 31 December 2000 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2001:		
		Other	
		2000 £	1999 £
	Operating leases which expire:		
	within 1 year	7237	-
	within 2 to 5 years	-	14474
21	RELATED PARTIES		
	The company has taken advantage of the exemption contained in Financial Reporting Standard 8 from disclosing transactions with other group companies or with related parties in which the group has an investment.		