

**JENBRO LIMITED**  
**FINANCIAL STATEMENTS**  
for the fifty-two weeks ended  
31st August, 1997



**KIDSONS IMPEY**  
Chartered Accountants  
**HULL**

**JENBRO LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST AUGUST, 1997**

**CONTENTS**

	<b>Pages</b>
Directors' report	1 - 2
Statement of directors' responsibilities	3
Report of the auditors to the members	4
Profit and loss account	5
Balance sheet	6
Notes	7 - 13

The following pages do not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix 1
--	------------

## JENBRO LIMITED

### Directors

F. W. Wood (Chairman)  
 A. P. H. Thomas (Managing)  
 N. R. Carrick  
 G. R. Parton  
 M. Hirst  
 J. R. Graham  
 J. O. Farrell

### DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements of the company for the fifty-two weeks ended 31st August, 1997 ("the year").

#### Business review

The principal activity of the company continued to be the design, manufacture and distribution of workwear clothing.

The benefits from last year's investment in automated cutting equipment and labour saving garment handling systems are beginning to be realised. New arrangements have also been put in place for the sourcing of the company's more cost effective garments from abroad. Further improvements in cost control and logistics will be made in the coming year.

The trading results for the year are shown in the profit and loss account on page 5.

The directors recommend the payment of a final dividend of £478,000 with £616 being transferred to reserves.

The company's future development will be in its current and similar products in which there appear to be opportunities.

#### Directors

The membership of the Board is shown above. With the exception of Mr. J.R. Graham and Mrs. J.O. Farrell who were appointed to the Board on 1st December, 1996, all served on the Board for the whole of the financial year.

Mr. J.R. Graham and Mrs. J.O. Farrell retire by rotation and, being eligible, offer themselves for re-election.

#### Directors' shareholdings

None of the directors has any beneficial interest in the share capital of the company. The interests of Messrs. F.W. Wood and N.R. Carrick in the share capital of Cosalt plc, the ultimate parent company, are disclosed by that company. The interests of the other directors in the ordinary share capital of Cosalt plc are as follows:

	At 31st August, 1997	At 2nd September, 1996 (or date of appointment if later)
A. P. H. Thomas	1,667	1,245
G. R. Parton	2,839	2,417
M. Hirst	522	387
J. R. Graham	277	142
J. O. Farrell	1,560	1,256

These holdings include shares issued under the Cosalt plc Employees' Profit Sharing Scheme.

**JENBRO LIMITED**  
**DIRECTORS' REPORT**

(continued)

**Directors' shareholdings (continued)**

Mr. A. P. H. Thomas held options to purchase Cosalt plc ordinary shares under the various Cosalt plc Executive Share Option Schemes as follows:

At 2nd September 1996	Granted during year	At 31st August, 1997	Exercise price	Dates from which exercisable	Expiry date
10,000	-	10,000	140p	15.12.97	14.12.04
-	2,750	2,750	219.50p	17.02.00*	16.02.04
-	<u>7,250</u>	<u>7,250</u>	219.50p	17.02.00*	16.02.07
10,000	10,000	20,000			

\* Performance criteria must be met before exercise permitted.

No options lapsed during the year.

The market price of Cosalt plc ordinary shares at 31st August, 1997 was 198.50p and the range during the year was 187.50p to 228.50p.

**Fixed assets**

The movements in tangible fixed assets are set out in note 9 to the financial statements. In note 16 to the financial statements additional information is provided on assets used by the company which are subject to lease and hire purchase agreements.

**Auditors**

The auditors, Messrs. Kidsons Impey, Chartered Accountants, have intimated their willingness to continue in office.

By Order of the Board

  
A. B. Clark

Secretary

Fish Dock Road,  
Grimsby.

24th November, 1997.

**JENBRO LIMITED****STATEMENT OF 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 at the end of the year, 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;
- \* state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- \* prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in business.

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

**JENBRO LIMITED**  
**REPORT OF THE AUDITORS TO THE MEMBERS**

We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements 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 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 at 31st August, 1997 and of its profit for the fifty-two weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

*Kidsons Impey*

Kidsons Impey

Hull: 24th November, 1997.

Registered Auditors  
Chartered Accountants

**JENBRO LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE FIFTY-TWO WEEKS ENDED 31ST AUGUST, 1997**

	Note	52 weeks ended 31st August, 1997 £	52 weeks ended 1st September, 1996 £
Turnover	2	9,082,324	7,398,362
Operating profit before exceptional item	3	808,530	278,106
Exceptional item	4	-	(62,000)
Operating profit after exceptional item		808,530	216,106
Interest payable and similar charges	5	(125,774)	(92,585)
Profit on ordinary activities before taxation		682,756	123,521
Taxation on ordinary activities	7	(204,140)	(46,500)
Profit for the financial year		478,616	77,021
Dividends	8	(478,000)	(77,000)
Transferred to reserves	15	616	21

All operations are classed as continuing.


The company has no recognised gains or losses other than the profits for the years disclosed above; accordingly, a statement of recognised gains and losses has not been included in these financial statements.

The notes on pages 7 to 13 form part of these financial statements.

**JENBRO LIMITED**  
**BALANCE SHEET - 31ST AUGUST, 1997**

	Note	31st August, 1997		1st September, 1996	
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	9		336,772		310,648
<b>Current assets</b>					
Stocks	10	793,883		697,034	
Debtors	11	1,635,094		2,136,385	
Bank and cash balances		<u>345,838</u>		<u>703</u>	
		2,774,815		2,834,122	
<b>Creditors</b>					
Amounts falling due within one year	12	<u>2,935,510</u>		<u>2,973,051</u>	
<b>Net current liabilities</b>			(160,695)		(138,929)
<b>Total assets less current liabilities</b>			176,077		171,719
<b>Creditors</b>					
Amounts falling due after more than one year	12		<u>173,586</u>		<u>169,844</u>
<b>Net assets</b>			2,491		1,875
			<u>          </u>		<u>          </u>
<b>Capital and reserves</b>					
Called up share capital	14		1,000		1,000
Profit and loss account	15		<u>1,491</u>		<u>875</u>
<b>Equity shareholders' funds</b>			2,491		1,875
			<u>          </u>		<u>          </u>

Approved by the Board on 24th November, 1997.

  
N.R. Carrick - Director

The notes on pages 7 to 13 form part of these financial statements.



## JENBRO LIMITED

### NOTES ON FINANCIAL STATEMENTS - 31ST AUGUST, 1997

#### 1. Accounting policies

##### Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds it is a wholly owned subsidiary undertaking of a parent undertaking which publishes a consolidated cash flow statement.

##### Depreciation

Tangible fixed assets are depreciated on a straight line basis at annual rates which vary depending on the type of asset but which are generally:

Leasehold property improvements	Over life of lease
Plant and machinery	5% to 20%
Motor vehicles	20% to 25%

##### Leased assets

Assets which are financed by leasing agreements transferring substantially all the risks and rewards of ownership (finance leases) are capitalised and depreciated over their useful lives. The liability to the leasing company is included in creditors. Leasing payments are treated as consisting of capital and interest elements and the interest is charged to profit and loss account. References to finance leases include hire purchase transactions.

All other payments under lease agreements are charged in full to profit and loss account.

##### Stocks

Stocks are stated at the lower of cost, including an appropriate proportion of production overheads, and net realisable value.

##### Deferred taxation

Provision is made on the liability method for deferred taxation, arising from the different treatment of certain items for taxation and accounting purposes, unless there is reasonable probability that such deferred taxation will not be payable in the foreseeable future.

##### Pensions

Contributions to the group's pension schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' service lives.

## JENBRO LIMITED

## NOTES ON FINANCIAL STATEMENTS - 31ST AUGUST, 1997

(continued)

## 2. Turnover

Turnover represents the goods and services, excluding value added tax, invoiced to customers arising from the principal activity of the design, manufacture and distribution of workwear clothing. The geographical analysis of turnover is as follows:

	1997 £	1996 £
United Kingdom	9,008,944	7,274,719
Overseas	<u>73,380</u>	<u>123,643</u>
	<u>9,082,324</u>	<u>7,398,362</u>

All turnover originated in the United Kingdom.

## 3. Operating profit before exceptional item

Operating profit before exceptional item has been arrived at after charging/(crediting):

	1997 £	1996 £
Movement in stocks of finished goods and work in progress	(121,650)	87,355
Other operating income	-	(506)
Raw materials and consumables	5,761,020	4,230,153
Operating lease rentals - property	34,734	57,591
- plant	28,833	36,296
Auditors' remuneration	4,000	4,000
Other external charges	592,812	544,594
Staff costs (note 6)	1,793,797	2,008,283
Depreciation on owned assets	30,104	39,606
Depreciation on assets held under hire purchase agreements	44,944	28,984
Other operating charges	<u>105,200</u>	<u>83,900</u>
	<u>8,273,794</u>	<u>7,120,256</u>

## 4. Exceptional item

	1997 £	1996 £
Reorganisation costs	-	62,000
	<u>-</u>	<u>62,000</u>

## 5. Interest payable and similar charges

	1997 £	1996 £
Capital charge by ultimate parent company	105,200	83,900
On finance leases	<u>20,574</u>	<u>8,685</u>
	<u>125,774</u>	<u>92,585</u>

## JENBRO LIMITED

## NOTES ON FINANCIAL STATEMENTS - 31ST AUGUST, 1997

(continued)

## 6. Directors and employees

	1997 £	1996 £
Staff costs:		
Charged before exceptional item (note 3)	1,793,797	2,008,283
Exceptional item (note 4)	-	<u>62,000</u>
	<u>1,793,797</u>	<u>2,070,283</u>
Being:		
Wages and salaries	1,609,353	1,870,326
Social security costs	131,250	144,026
Other pension costs	33,245	36,497
Employees' profit sharing scheme	<u>19,949</u>	<u>19,434</u>
	<u>1,793,797</u>	<u>2,070,283</u>
The emoluments of directors of the company were:		
	£	£
Remuneration for management	<u>138,477</u>	<u>73,401</u>
	Number	Number
The number of directors accruing benefits under defined benefit pension schemes in respect of qualifying services was:	7	5
The number of directors exercising share options in respect of Cosalt plc shares during the year was:	1	-
The number of directors granted share options in respect of Cosalt plc shares during the year was:	3	-
The average number of employees of the company during the year was:		
	Number	Number
Management and administration	19	21
Production and sales staff	<u>151</u>	<u>168</u>
	<u>170</u>	<u>189</u>

## JENBRO LIMITED

## NOTES ON FINANCIAL STATEMENTS - 31ST AUGUST, 1997

(continued)

## 7. Taxation on ordinary activities

The taxation charge based on the profit on ordinary activities is:

	1997 £	1996 £
U.K. Corporation tax payable at 32.16% (1996 - 33 %)	214,000	67,000
Deferred taxation	<u>(6,804)</u>	<u>(20,500)</u>
	207,196	46,500
Adjustments in respect of prior years:		
Corporation tax	(29,376)	-
Deferred taxation	<u>26,320</u>	<u>-</u>
	204,140	46,500

## 8. Dividends

	1997 £	1996 £
Final dividend proposed	478,000	77,000

## 9. Tangible fixed assets

	Leasehold property improvements £	Plant and machinery £	Total £
<b>Cost</b>			
At 2nd September, 1996	36,366	955,154	991,520
Additions	-	104,587	104,587
Intra group transfers	-	22,881	22,881
Disposals	<u>-</u>	<u>(46,041)</u>	<u>(46,041)</u>
At 31st August, 1997	36,366	1,036,581	1,072,947
<b>Depreciation</b>			
At 2nd September, 1996	27,868	653,004	680,872
Charged to profit and loss account	1,738	73,310	75,048
Intra group transfers	-	10,852	10,852
Eliminated in respect of disposals	<u>-</u>	<u>(30,597)</u>	<u>(30,597)</u>
At 31st August, 1997	29,606	706,569	736,175
<b>Net book values</b>			
At 31st August, 1997	6,760	330,012	336,772
At 1st September, 1996	8,498	302,150	310,648

The following tangible fixed assets held under finance leases are included in plant and machinery above:

	1997 £	1996 £
Cost	349,715	290,943
Depreciation	<u>123,834</u>	<u>78,890</u>
Net book values	225,881	212,053

## JENBRO LIMITED

## NOTES ON FINANCIAL STATEMENTS - 31ST AUGUST, 1997

(continued)

## 10. Stocks

	1997 £	1996 £
Raw materials	196,565	221,366
Work in progress	36,837	38,256
Finished goods	<u>560,481</u>	<u>437,412</u>
	793,883	697,034
	<u>          </u>	<u>          </u>

## 11. Debtors

	1997 £	1996 £
Amounts falling due within one year:		
Trade debtors	1,276,577	1,767,909
Amounts due from fellow subsidiary undertakings	178,843	161,790
Group taxation relief recoverable	124,033	120,847
Deferred taxation (note 13)	984	20,500
Prepayments and accrued income	<u>54,657</u>	<u>65,339</u>
	1,635,094	2,136,385
	<u>          </u>	<u>          </u>

## 12. Creditors

	1997 £	1996 £
Amounts falling due within one year:		
Bank overdraft	-	31,746
Trade creditors	741,957	1,224,984
Amount owed to ultimate parent company	879,546	878,927
Amounts owed to fellow subsidiary undertakings	118,195	125,228
Corporation tax	243,297	67,000
Other taxation	131,300	166,761
Social security	11,859	17,161
Other creditors	2,034	4,354
Accruals and deferred income	280,166	330,076
Obligations under finance leases (note 16)	49,156	49,814
Dividend payable	<u>478,000</u>	<u>77,000</u>
	2,935,510	2,973,051
	<u>          </u>	<u>          </u>
Amounts falling due after more than one year:		
Obligations under finance leases (note 16)	173,586	169,844
	<u>          </u>	<u>          </u>

## 13. Deferred taxation

	1997 £	1996 £
The debtor for deferred taxation included in the balance sheet consists of:		
Delayed tax allowances	8,147	-
Other timing differences	<u>(7,163)</u>	<u>20,500</u>
	984	20,500
	<u>          </u>	<u>          </u>

## JENBRO LIMITED

## NOTES ON FINANCIAL STATEMENTS - 31ST AUGUST, 1997

(continued)

## 14. Called up share capital

	1997	1996
	£	£
Authorised: 5,000 ordinary shares of £1 each	5,000	5,000
Issued and fully paid: 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

## 15. Reserves

	1997	1996
	£	£
(a) Reconciliation of movements in equity shareholders' funds		
Profit for the financial year	478,616	77,021
Dividends	<u>(478,000)</u>	<u>(77,000)</u>
Net addition to equity shareholders' funds	616	21
Opening equity shareholders' funds	<u>1,875</u>	<u>1,854</u>
Closing equity shareholders' funds	<u>2,491</u>	<u>1,875</u>
(b) Profit and loss account	£	
Balance at 2nd September, 1996	875	
Profit for the year, less dividend	<u>616</u>	
Balance at 31st August, 1997	<u>1,491</u>	

## 16. Leasing obligations

(a) Future commitments due under finance leases are:

	1997	1996
	£	£
Within one year	63,794	65,100
Between two and five years	202,542	178,003
Beyond five years	<u>888</u>	<u>24,320</u>
	267,224	267,423
Less: future finance charges	<u>44,482</u>	<u>47,765</u>
	222,742	219,658
Shown in creditors (note 12) as:		
Amounts falling due within one year	49,156	49,814
Amounts falling due after more than one year	<u>173,586</u>	<u>169,844</u>
	222,742	219,658

## JENBRO LIMITED

## NOTES ON FINANCIAL STATEMENTS - 31ST AUGUST, 1997

(continued)

## 16. Leasing obligations (continued)

(b) Annual commitments due under non-cancellable operating leases are:

	1997 £	1996 £
Property leases which expire:		
Within one year	-	13,263
	<u>          </u>	<u>          </u>
Plant leases which expire:		
Within one year	8,809	-
Between two and five years	<u>16,501</u>	<u>35,755</u>
	<u>25,310</u>	<u>35,755</u>

## 17. Pension commitments

The company is part of the Cosalt plc group which operates several pension schemes, the major one being of the defined benefit type, and the assets of these schemes are held in separate trustee administered funds.

Contributions by the company which amounted to £33,245 (1996 £36,497) are based on pension costs across the group as a whole and are assessed in accordance with advice of a qualified actuary. Particulars of actuarial valuations of the group schemes are disclosed in the financial statements of Cosalt plc. The latest actuarial assessment of the major scheme was made at 1st January, 1997.

## 18. Related party transactions

The company has taken advantage of the exemption from disclosing related party transactions with other group companies as permitted by Financial Reporting Standard 8 as the consolidated financial statements in which the company is included are publicly available.

## 19. Ultimate parent company

The ultimate parent company is Cosalt plc, which is incorporated in England.