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COSALT WORKWEAR LIMITED

FINANCIAL STATEMENTS

**for the sixty-one weeks ended
28 October 2001**



COSALT WORKWEAR LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 OCTOBER 2001

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The following pages do not form part of the statutory accounts:

Detailed trading and profit and loss account	Appendix 1
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COSALT WORKWEAR LIMITED

Directors

F W Wood (Chairman)
 A P H Thomas (Managing)
 N R Carrick
 G R Parton
 M Hirst
 J R Graham
 P E Dawson
 D W Purcell
 R Russell

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements of the company for the sixty-one weeks ended 28 October 2001 ("the period").

Business review

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

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

The directors do not recommend the payment of a final dividend (2000: £358,000).

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. All served on the Board for the whole of the period with the exception of Mr P E Dawson and Mr R Russell who were appointed on 1 April 2001 and 4 May 2001 respectively.

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 28 October 2001	At 27 August 2000
A P H Thomas	2,730	2,420
G R Parton	3,902	3,902
M Hirst	1,202	1,202
J R Graham	376	826
P E Dawson	Nil	Nil
D W Purcell	Nil	Nil
R Russell	Nil	Nil

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

COSALT WORKWEAR LIMITED

DIRECTORS' REPORT (continued)

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

At 27 Aug 2000	Granted during period	Exercised during period	Lapsed during period	At 28 Oct 2001	Exercise price (p)	Dates from which exercisable	Expiry date
7,250	-	-	-	7,250	219.5	17.02.00*	16.02.07
2,750	-	-	-	2,750	219.5	17.02.00*	16.02.04
10,000	-	-	-	10,000	232.5	23.12.00*	22.12.04
15,000	-	-	-	15,000	204.5	22.12.01*	21.12.05
7,800	-	-	-	7,800	179.5	28.04.03*	27.04.01
9,200	-	-	-	9,200	179.5	28.04.03*	27.04.07
-	17,000	-	-	17,000	222.5	26.04.04*	25.04.08
52,000	17,000	-	-	69,000			

* Performance criteria must be met before exercise permitted.

No options lapsed during the period. No options were exercised during the period.

The market price of Cosalt plc ordinary shares at 28 October 2001 was 209p and the range during the period was 184p to 237.5p.


Fixed assets

The movement in tangible fixed assets are set out in note 8 to the financial statements. In note 15 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, KPMG Audit Plc, have expressed their willingness to continue in office. In accordance with Section 384 of the Companies Act 1985, a resolution for their re-appointment will be proposed at the Annual General Meeting.

By order of the Board


A J Robson
Secretary

Fish Dock Road
GRIMSBY

28 January 2002

COSALT WORKWEAR LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company at the end of the period, 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 have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**REPORT OF THE INDEPENDENT AUDITORS, KPMG AUDIT PLC TO THE MEMBERS OF
COSALT WORKWEAR LIMITED**

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit 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 28 October 2001, and of its profit for the sixty-one weeks then ended, and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Leeds

28 January 2002

COSALT WORKWEAR LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE SIXTY-ONE WEEKS ENDED 28 OCTOBER 2001

		61 weeks ended 28 October 2001	52 weeks ended 27 August 2000
	Note	£	£
Turnover	2	<u>17,044,717</u>	<u>13,832,236</u>
Operating profit		494,385	845,878
Interest payable and similar charges (net)	4	<u>503,309</u>	<u>345,179</u>
(Loss)/profit on ordinary activities before taxation		(8,924)	500,699
Taxation on ordinary activities	6	<u>10,708</u>	<u>(142,080)</u>
Profit for the financial period		1,784	358,619
Dividends	7	<u>-</u>	<u>(358,000)</u>
Transferred to reserves	13	<u>1,784</u>	<u>619</u>

All operations are classed as continuing.

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

The notes on pages 7 to 14 form part of these financial statements.

COSALT WORKWEAR LIMITED
BALANCE SHEET – 28 OCTOBER 2001

	Note	28 October 2001		27 August 2000	
		£	£	£	£
Fixed assets					
Tangible fixed assets	8		801,750		588,319
Current assets					
Stocks	9	3,821,757		4,396,730	
Debtors	10	3,341,539		3,219,162	
Bank and cash balances		<u>200,751</u>		<u>3,281</u>	
		7,364,047		7,619,173	
Creditors					
Amounts falling due within one year	11	<u>8,069,821</u>		<u>7,929,595</u>	
Net current liabilities			(705,774)		(310,422)
Total assets less current liabilities			95,976		277,897
Creditors					
Amounts falling due after more than one year	11		<u>90,672</u>		<u>274,377</u>
Net assets			<u>5,304</u>		<u>3,520</u>
Capital and reserves					
Called up share capital	12		1,000		1,000
Profit and loss account	13		<u>4,304</u>		<u>2,520</u>
Equity shareholders' funds			<u>5,304</u>		<u>3,520</u>

Approved by the Board on 28 January 2002



N R Carrick - Director

The notes on pages 7 to 14 form part of these financial statements.

COSALT WORKWEAR LIMITED**NOTES ON FINANCIAL STATEMENTS – 28 OCTOBER 2001****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 that 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:

Plant and machinery

5 to 20%

Rental garments and equipment are depreciated over the shorter of the lease term or the life of the asset.

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. 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.

Pension costs

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

For defined contribution schemes all contributions are charged directly to the profit and loss account in the periods in which they are payable.

Foreign currency

Assets and liabilities in foreign currencies are translated into sterling at approximate rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. All exchange differences arising are included in the profit and loss account for the period.

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS – 28 OCTOBER 2001

(continued)

2 Turnover

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

	2001 £	2000 £
United Kingdom	16,719,692	13,815,110
Overseas	<u>325,025</u>	<u>17,126</u>
	<u>17,044,717</u>	<u>13,832,236</u>

All turnover originated in the United Kingdom.

3 Operating profit

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

	2001 £	2000 £
Movement in stocks of finished goods and work in progress	623,925	(2,185,064)
Raw materials and consumables	9,158,847	9,699,244
Other external charges	2,193,764	1,794,455
Auditors' remuneration	16,327	9,913
Operating lease charges - property	116,000	96,598
- plant	133,253	114,158
Staff costs (note 5)	3,341,322	2,966,690
Depreciation on owned assets	392,284	122,654
Depreciation on assets held under hire purchase agreements	102,358	57,960
Other operating charges	<u>472,250</u>	<u>309,750</u>
	<u>16,550,332</u>	<u>12,986,358</u>

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 28 OCTOBER 2001
(continued)

4 Interest payable and similar charges (net)	2001 £	2000 £
Bank interest	-	119
Capital charge by ultimate parent company	472,250	309,750
On finance leases	<u>31,071</u>	<u>35,445</u>
	503,321	345,314
Interest received	<u>12</u>	<u>135</u>
	<u>503,309</u>	<u>345,179</u>

5 Directors and employees	2001 £	2000 £
Staff costs:		
Wages and salaries	2,982,607	2,663,212
Social security costs	229,124	210,853
Other pension costs	129,591	82,467
Employees' profit sharing scheme	<u>-</u>	<u>10,158</u>
	<u>3,341,322</u>	<u>2,966,690</u>

Emoluments of the directors of the company were:

Remuneration for management:	<u>484,329</u>	<u>296,412</u>
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Remuneration of the highest paid director for 2001 was £136,237 (2000: £98,156) including £18,693 (2000: £8,320) of pension contributions. The accrued pension entitlement of the highest paid director is £17,375 (2000: £14,542).

	Number	Number
The number of directors accruing benefits under defined benefit pension schemes in respect of qualifying service was:	8	7
The number of directors granted share options in respect of Cosalt plc shares during the period was:	3	3
The average number of employees of the company during the period was:		
Management and administration	59	54
Production and sales staff	<u>132</u>	<u>171</u>
	<u>191</u>	<u>225</u>

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 28 OCTOBER 2001
(continued)

6	Taxation on ordinary activities	2001 £	2000 £	
The taxation charge based on the profit on ordinary activities is:				
UK corporation tax payable at 30% (2000 - 30%)		34,500	140,000	
Deferred taxation		<u>(30,300)</u>	<u>99</u>	
		4,200	140,099	
Adjustments in respect of prior years:				
Corporation tax		(5,150)	1,443	
Deferred taxation		<u>(9,758)</u>	<u>538</u>	
		<u>(10,708)</u>	<u>142,080</u>	
7	Dividends	2001 £	2000 £	
Final dividend proposed of £nil per share (2000: £358)		<u>-</u>	<u>358,000</u>	
8	Tangible fixed assets	Plant and machinery £	Leased garments £	Total £
Cost				
At 27 August 2000		1,542,316	-	1,542,316
Additions		55,757	652,889	708,646
Disposals		<u>(3,709)</u>	<u>-</u>	<u>(3,709)</u>
At 28 October 2001		<u>1,594,364</u>	<u>652,889</u>	<u>2,247,253</u>
Depreciation				
At 27 August 2000		953,997	-	953,997
Charged to profit and loss account		232,863	261,779	494,642
Eliminated in respect of disposals		<u>(3,136)</u>	<u>-</u>	<u>(3,136)</u>
At 28 October 2001		<u>1,183,724</u>	<u>261,779</u>	<u>1,445,503</u>
Net book values				
At 28 October 2001		<u>410,640</u>	<u>391,110</u>	<u>801,750</u>
At 27 August 2000		<u>-</u>	<u>-</u>	<u>588,319</u>

Assets costing £502,660 (2000: £470,000) have been fully depreciated and are still in use.

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 28 OCTOBER 2001
(continued)**8 Tangible fixed assets (continued)**

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

	2001 £	2000 £
Cost	691,014	691,014
Depreciation	<u>536,396</u>	<u>434,038</u>
Net book value	<u>154,618</u>	<u>256,976</u>

9 Stocks

	2001 £	2000 £
Raw materials	551,727	502,775
Work in progress	198,924	1,010,287
Finished goods	<u>3,071,106</u>	<u>2,883,668</u>
	<u>3,821,757</u>	<u>4,396,730</u>

10 Debtors

	2001 £	2000 £
Amounts falling due within one year:		
Trade debtors	2,912,926	2,789,214
Amounts due from fellow subsidiary undertakings	54,256	98
Deferred taxation (note 14)	45,892	5,834
Prepayments and accrued income	<u>328,465</u>	<u>424,016</u>
	<u>3,341,539</u>	<u>3,219,162</u>

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 28 OCTOBER 2001
(continued)

11 Creditors	2001 £	2000 £
Amounts falling due within one year:		
Bank overdraft	-	179,235
Trade creditors	1,696,745	3,017,338
Amount owed to ultimate parent company	5,661,139	3,641,139
Amounts owed to fellow subsidiary undertakings	9,763	50,790
Corporation tax	43,000	145,150
Other taxation	252,994	59,168
Social security	13,312	17,084
Other creditors	20,578	21,126
Accruals and deferred income	215,264	300,991
Obligations under finance leases (note 15)	157,026	139,574
Dividend payable	-	358,000
	<u>8,069,821</u>	<u>7,929,595</u>
Amounts falling due after more than one year:		
Obligations under finance leases (note 15)	<u>90,672</u>	<u>274,377</u>
12 Called up share capital	2001 £	2000 £
Authorised: 5,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
Issued and fully paid: 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
13 Reserves	2001 £	2000 £
Reconciliation of movements in equity shareholders' funds		
Profit for the financial period	1,784	358,619
Dividends	-	(358,000)
Net addition to equity shareholders' funds	1,784	619
Opening equity shareholders' funds	<u>3,520</u>	<u>2,901</u>
Closing equity shareholders' funds	<u>5,304</u>	<u>3,520</u>
Profit and loss account	£	
Balance at 27 August 2000	2,520	
Retained profit for the period	<u>1,784</u>	
Balance at 28 October 2001	<u>4,304</u>	

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 28 OCTOBER 2001
(continued)

14 Deferred taxation

	£		
At 27 August 2000	5,834		
Charged to profit and loss account	<u>40,058</u>		
At 28 October 2001	<u>45,892</u>		
	2001	2000	
	£	£	
The deferred taxation debtor comprises:			
Accelerated tax allowances	48,714	6,474	
Other timing differences	<u>(2,822)</u>	<u>(640)</u>	
	<u>45,892</u>	<u>5,834</u>	

15 Leasing obligations

	2001	2000	
	£	£	
Future commitments due under finance leases are:			
Within one year	169,703	164,583	
Between two and five years	<u>93,093</u>	<u>292,935</u>	
	262,796	457,518	
Less: future finance charges	<u>15,098</u>	<u>43,567</u>	
	<u>247,698</u>	<u>413,951</u>	
Shown in creditors (note 11) as:			
Amounts falling due within one year	157,026	139,574	
Amounts falling due after more than one year	<u>90,672</u>	<u>274,377</u>	
	<u>247,698</u>	<u>413,951</u>	
Annual commitments due under non-cancellable operating leases are:			
Property leases which expire:			
Beyond five years	<u>108,134</u>	<u>108,134</u>	
Plant leases which expire:			
Within one year	32,247	33,622	
Between two and five years	<u>64,915</u>	<u>85,698</u>	
	<u>97,162</u>	<u>119,320</u>	

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 28 OCTOBER 2001
(continued)

16 Capital commitments	2001 £	2000 £
Contracted for but not provided for in the financial statements	<u>2,681</u>	<u>-</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. The assets of the defined benefit scheme are held in separate trustee administered funds. This scheme was closed to new entrants on 25 July 2000 and replaced by a defined contribution scheme.

Contributions by the company which amounted to £129,591 (2000: £82,467) are based on pension costs across the group as a whole and are assessed in accordance with the 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 31 December 1999.

A new pension cost accounting standard, Financial Reporting Standard 17 (FRS17) was issued in November 2000 and although full compliance is not mandatory for the company until the year ending October 2003, prior to this, transitional disclosure rules apply.

Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement Benefits' the scheme will be accounted for by the company when the accounting standard is fully adopted by the company as if the scheme was a defined contribution scheme.

The FRS 17 transitional disclosures for the scheme are shown in the consolidated accounts of Cosalt plc, the ultimate parent company.

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 No 8 as the consolidated financial statements in which the company is included are publicly available.

19 Ultimate parent company

The company is a subsidiary undertaking of Cosalt plc, which is the ultimate parent company, incorporated in England. The consolidated accounts of this company are available to the public and may be obtained from Fish Dock Road, Grimsby, DN31 3NW.