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COSALT WORKWEAR LIMITED

FINANCIAL STATEMENTS

**for the fifty-two weeks ended
27th August 2000**



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COSALT WORKWEAR LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27TH AUGUST 2000

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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

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements of the company for the fifty-two weeks ended 27th August 2000 ("the year").

Business Review

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

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 £358,000, (1999: £201,000) with £619 (1999: £351) 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. All served on the Board for the whole of the financial year. Messrs M Hirst and J R Graham 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 27th August 2000	At 29th August 1999
A P H Thomas	2,420	2,211
G R Parton	3,902	3,693
M Hirst	1,202	1,068
J R Graham	826	692

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 29th Aug 1999	Granted during year	Exercised during year	Lapsed during year	At 27th Aug 2000	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
35,000	17,000	-	-	52,000			

* Performance criteria must be met before exercise permitted.

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

The market price of Cosalt plc ordinary shares at 27th August 2000 was 213.5p and the range during the year was 172.5p to 226.5p.

Fixed assets

The movement 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, 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

20th November 2000

COSALT WORKWEAR 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 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 AUDITORS, KPMG AUDLIT 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. 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 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 27th August 2000, and of its profit for the fifty-two 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

20th November 2000

COSALT WORKWEAR LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE FIFTY-TWO WEEKS ENDED 27TH AUGUST 2000

		52 weeks ended 27th August 2000	52 weeks ended 29th August 1999
	Note	£	£
Turnover	2	<u>13,832,236</u>	<u>13,889,556</u>
Operating profit		845,878	601,012
Interest payable and similar charges (net)	5	<u>(345,179)</u>	<u>(299,074)</u>
Profit on ordinary activities before taxation		500,699	301,938
Taxation on ordinary activities	7	<u>(142,080)</u>	<u>(100,587)</u>
Profit for the financial year		358,619	201,351
Dividends	8	<u>(358,000)</u>	<u>(201,000)</u>
Transferred to reserves	14	<u>619</u>	<u>351</u>

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 14 form part of these financial statements.

COSALT WORKWEAR LIMITED
BALANCE SHEET - 27TH AUGUST 2000

	Note	27th August 2000 £	29th August 1999 £
Fixed assets			
Tangible fixed assets	9	588,319	676,954
Current assets			
Stocks	10	4,396,730	2,594,852
Debtors	11	3,219,162	2,337,799
Bank and cash balances		<u>3,281</u>	<u>28,750</u>
		7,619,173	4,961,401
Creditors			
Amounts falling due within one year	12	<u>7,929,595</u>	<u>5,260,993</u>
Net current liabilities		(310,422)	(299,592)
Total assets less current liabilities		277,897	377,362
Creditors			
Amounts falling due after more than one year	12	<u>274,377</u>	<u>374,461</u>
Net assets		<u>3,520</u>	<u>2,901</u>
Capital and reserves			
Called up share capital	13	1,000	1,000
Profit and loss account	14	<u>2,520</u>	<u>1,901</u>
Equity shareholders' funds		<u>3,520</u>	<u>2,901</u>

Approved by the Board on 20th November 2000



N R Carrick - Director

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

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 27TH AUGUST 2000

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

Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction, or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currency 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.

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 27TH AUGUST 2000

(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:

	2000 £	1999 £
United Kingdom	13,815,110	13,865,594
Overseas	<u>17,126</u>	<u>23,962</u>
	<u>13,832,236</u>	<u>13,889,556</u>

All turnover originated in the United Kingdom.

3 Operating profit

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

	2000 £	1999 £
Movement in stocks of finished goods and work in progress	(2,185,064)	(694,298)
Raw materials and consumables	9,699,244	8,481,315
Other external charges	1,794,455	1,316,830
Auditors' remuneration	9,913	13,250
Operating lease charges - property	96,598	37,838
- plant	114,158	120,453
Staff costs (note 6)	2,966,690	3,566,195
Depreciation on owned assets	122,654	94,544
Depreciation on assets held under hire purchase agreements	57,960	91,020
Exceptional costs (note 4)	-	10,747
Other operating charges	<u>309,750</u>	<u>250,650</u>
	<u>12,986,358</u>	<u>13,288,544</u>

4 Exceptional costs

	2000 £	1999 £
Relocation costs	<u>-</u>	<u>10,747</u>

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 27TH AUGUST 2000

(continued)

5 Interest payable and similar charges (net)	2000 £	1999 £
Bank Interest	119	-
Capital charge by ultimate parent company	309,750	250,650
On finance leases	<u>35,445</u>	<u>48,772</u>
	345,314	299,422
 Interest received	 <u>135</u>	 <u>348</u>
	<u>345,179</u>	<u>299,074</u>

6 Directors and employees	2000 £	1999 £
Staff costs:		
Wages and salaries	2,663,212	3,211,001
Social security costs	210,853	250,749
Other pension costs	82,467	78,741
Employees' profit sharing scheme	<u>10,158</u>	<u>25,704</u>
	<u>2,966,690</u>	<u>3,566,195</u>

Emoluments of the directors of the company were:

Remuneration for management:	<u>296,412</u>	<u>318,947</u>
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Remuneration of the highest paid director for 2000 was £98,156 (1999: £96,502) including £8,320 (1999: £8,320) of pension contributions. The accrued pension entitlement of the highest paid director is £14,542 (1999: £11,611).

	Number	Number
The number of directors accruing benefits under defined benefit pension schemes in respect of qualifying service was:	7	7
The number of directors granted share options in respect of Cosalt plc shares during the year was:	3	3
 The average number of employees of the company during the year was:		
Management and administration	54	51
Production and sales staff	<u>171</u>	<u>231</u>
	<u>225</u>	<u>282</u>

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 27TH AUGUST 2000

(continued)

7	Taxation on ordinary activities	2000 £	1999 £
The taxation charge based on the profit on ordinary activities is:			
U.K. Corporation tax payable at 30% (1999 - 30.59%)		140,000	57,000
Deferred taxation		<u>99</u>	<u>28,756</u>
		140,099	85,756
Adjustments in respect of prior years:			
Corporation tax		1,443	34,350
Deferred taxation		<u>538</u>	<u>(19,519)</u>
		<u>142,080</u>	<u>100,587</u>
8	Dividends	2000 £	1999 £
Final dividend proposed of £358.00 per share (1999: £201.00)		<u>358,000</u>	<u>201,000</u>
9	Tangible fixed assets	Plant and machinery £	
Cost			
At 30th August 1999		1,505,980	
Additions		104,825	
Disposals		<u>(68,489)</u>	
At 27th August 2000		<u>1,542,316</u>	
Depreciation			
At 30th August 1999		829,026	
Charged to profit and loss account		180,614	
Eliminated in respect of disposals		<u>(55,643)</u>	
At 27th August 2000		<u>953,997</u>	
Net book values			
At 27th August 2000		<u>588,319</u>	
At 29th August 1999		676,954	

Assets costing £470,000 (1999: £445,000) have been fully depreciated and are still in use.

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 27TH AUGUST 2000

(continued)

9 Tangible fixed assets (continued)

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

	2000 £	1999 £
Cost	691,014	733,514
Depreciation	<u>434,038</u>	<u>410,789</u>
Net book value	<u>256,976</u>	<u>322,725</u>

10 Stocks

	2000 £	1999 £
Raw materials	502,775	885,961
Work in progress	1,010,287	48,873
Finished goods	<u>2,883,668</u>	<u>1,660,018</u>
	<u>4,396,730</u>	<u>2,594,852</u>

11 Debtors

	2000 £	1999 £
Amounts falling due within one year:		
Trade debtors	2,789,214	1,998,482
Amounts due from fellow subsidiary undertakings	98	455
Group taxation relief recoverable	-	1,443
Deferred taxation (note 15)	5,834	6,471
Other debtors	-	1,984
Prepayments and accrued income	<u>424,016</u>	<u>328,964</u>
	<u>3,219,162</u>	<u>2,337,799</u>

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 27TH AUGUST 2000

(continued)

12 Creditors	2000 £	1999 £
Amounts falling due within one year:		
Bank overdraft	179,235	-
Trade creditors	3,017,338	2,315,985
Amount owed to ultimate parent company	3,641,139	2,097,559
Amounts owed to fellow subsidiary undertakings	50,790	-
Corporation tax	145,150	57,000
Other taxation	59,168	128,448
Social security	17,084	16,241
Other creditors	21,126	2,827
Accruals and deferred income	300,991	324,885
Obligations under finance leases (note 16)	139,574	117,048
Dividend payable	<u>358,000</u>	<u>201,000</u>
	<u>7,929,595</u>	<u>5,260,993</u>
Amounts falling due after more than one year:		
Obligations under finance leases (note 16)	<u>274,377</u>	<u>374,461</u>
13 Called up share capital	2000 £	1999 £
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>
14 Reserves	2000 £	1999 £
Reconciliation of movements in equity shareholders' funds		
Profit for the financial year	358,619	201,351
Dividends	<u>358,000</u>	<u>201,000</u>
Net addition to equity shareholders' funds	619	351
Opening equity shareholders' funds	<u>2,901</u>	<u>2,550</u>
Closing equity shareholders' funds	<u>3,520</u>	<u>2,901</u>
Profit and loss account	£	
Balance at 30th August 1999	1,901	
Retained profit for the year	<u>619</u>	
Balance at 27th August 2000	<u>2,520</u>	

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 27TH AUGUST 2000

(continued)

15 Deferred taxation

	£	
At 30th August 1999	6,471	
Charges to profit and loss account	<u>(637)</u>	
At 27th August 2000	<u>5,834</u>	
	2000	1999
	£	£
The deferred taxation debtor comprises:		
Accelerated tax allowances	6,474	4,943
Other timing differences	<u>(640)</u>	<u>1,528</u>
	<u>5,834</u>	<u>6,471</u>

16 Leasing obligations

	2000	1999
	£	£
Future commitments due under finance leases are:		
Within one year	164,583	148,349
Between two and five years	<u>292,935</u>	<u>412,913</u>
	457,518	561,262
Less: future finance charges	<u>43,567</u>	<u>69,753</u>
	<u>413,951</u>	<u>491,509</u>
Shown in creditors (note 12) as:		
Amounts falling due within one year	139,574	117,048
Amounts falling due after more than one year	<u>274,377</u>	<u>374,461</u>
	<u>413,951</u>	<u>491,509</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	33,622	23,908
Between two and five years	<u>85,698</u>	<u>84,047</u>
	<u>119,320</u>	<u>107,955</u>

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 27TH AUGUST 2000

(continued)

17 Capital commitments	2000	1999
	£	£
Contracted for but not provided for in the financial statements	<u>-</u>	<u>41,000</u>

18 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 £82,467 (1999: £78,741) 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 1st January 1997.

19 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.

21 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.