

# Faithful Group Limited

Report and Accounts

31 December 2000

*Registered Number: 1966114*

 ERNST & YOUNG



# Faithful Group Limited

## DIRECTORS' REPORT

The directors submit their report for the year ended 31 December 2000.

### DIRECTORS

S J Dorrell (Chairman)  
A D Dorrell (Deputy Chairman)  
P R Warr (Managing Director)  
Mrs C I Dorrell  
Mrs P A W Dorrell

Mrs P A W Dorrell retires by rotation and will not be seeking re-election.

### ACCOUNTS AND DIVIDENDS

The profit for the financial year amounts to £964,861 (1999: £885,421) and after dividends is dealt with as shown in the consolidated profit and loss account.

An interim dividend of 150p per share has been paid during the year. A final dividend of 700p per share is proposed, making a total for the year of 850p per share.

### ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The activities of the group have continued to be the manufacture and supply of garments for people at work.

### DIRECTORS' INTERESTS

The directors' interests, including family interests, as defined by the Companies Act 1985, in the ordinary share capital of the company were as follows:

	<i>Non-Beneficial interests</i>		<i>Beneficial interests</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
S J Dorrell	1,000	1,000	5,347	5,347
A D Dorrell	1,000	1,000	5,347	5,347
Mrs C I Dorrell	-	-	3,202	3,202
P R Warr	-	-	100	100

### DISABLED PERSONS

It is the company's policy to give full consideration to suitable applications for employment by disabled persons. Opportunities also exist for employees of the company who become disabled to continue in their employment or to be trained for other positions within the company.

### POST BALANCE SHEET EVENTS

On 6 April 2001 the group acquired the trade, assets and liabilities of Haen Kledingindustrie BV.

On 4 May 2001 the group acquired 6% of the preferred ordinary share capital of Rainbow Corporatewear Limited.

On 31 May 2001 the group acquired the trade, assets and liabilities of Quaker Safety Products Corporation.

These acquisitions have been funded from internal cash reserves.

DIRECTORS' REPORT

**EMPLOYEE INVOLVEMENT POLICIES**

During the year the company has continued to provide employees with relevant information and to seek their views on matters of concern both through their representatives and through the company's senior management.

**CHARITABLE AND POLITICAL CONTRIBUTIONS**

During the year the group made political donations of £nil (1999: £nil) and various charitable donations totalling £5,658 (1999: £5,961).

**CREDITOR PAYMENT POLICY**

It is the group's policy that payment to suppliers are made in accordance with those terms and conditions agreed between the group and its suppliers, provided that all trading terms and conditions have been complied with. The number of days outstanding in trade creditors was 42.

**AUDITORS**

A resolution to re-appoint Ernst & Young as the Company's auditor will be put to the forthcoming Annual General Meeting. Ernst & Young has stated that, during 2001, it is intending to transfer its business to a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000, to be called Ernst & Young LLP. If this happens, it is the current intention of the Directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

By order of the Board

S L Hall  
Secretary

13 June 2001

## Faithful Group Limited

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

Company law requires the directors to prepare accounts for each financial year which gives 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 that the accounts comply with the Companies Act. 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.

**REPORT OF THE AUDITORS**  
**to the shareholders of Faithful Group Limited**

We have audited the accounts on pages 5 to 22 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 pages 10 and 11.

**Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

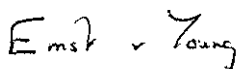
**Basis of opinion**

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 group'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 and of the group as at 31 December 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Registered Auditor  
Birmingham

13 June 2001

# Faithful Group Limited

## GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 December 2000

	Note	2000 £	1999 £
<b>TURNOVER</b>	2	26,553,655	25,590,574
Operating costs	3	25,099,330	24,197,216
Operating profit		<u>1,454,325</u>	<u>1,393,358</u>
Interest receivable	4	92,144	62,338
Interest payable	5	(77,811)	(72,151)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>1,468,658</u>	<u>1,383,545</u>
Tax on profit on ordinary activities	8	503,797	498,124
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>964,861</u>	<u>885,421</u>
Dividends	9	216,240	127,200
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	21	<u><u>748,621</u></u>	<u><u>758,221</u></u>

# Faithful Group Limited

## GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2000

	<i>Note</i>	2000 £	1999 £
Profit for the financial year		964,861	885,421
Exchange adjustments		271,184	(210,086)
Unrealised surplus on revaluation of freehold land and buildings		701,734	236,317
Total recognised gains and losses relating to the year	22	<u>1,937,779</u>	<u>911,652</u>

### NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2000 £	1999 £
Reported profit on ordinary activities before taxation	1,468,658	1,383,545
Realisation of property revaluation gains of previous years	103,233	9,284
Historical cost profit on ordinary activities before taxation	<u>1,571,891</u>	<u>1,392,829</u>
Historical cost profit for the year retained after taxation and dividends	<u>851,854</u>	<u>767,505</u>

# Faithful Group Limited

## GROUP BALANCE SHEET at 31 December 2000

	Note	2000 £	1999 £
<b>FIXED ASSETS</b>			
Tangible assets	10	4,045,473	3,640,316
Intangible assets	11	539,805	569,249
		<u>4,585,278</u>	<u>4,209,565</u>
<b>CURRENT ASSETS</b>			
Stocks	13	6,715,140	7,034,705
Debtors	14	4,817,756	5,171,576
Cash at bank and in hand	23	3,106,008	1,943,082
		<u>14,638,904</u>	<u>14,149,363</u>
<b>CREDITORS - amounts falling due within one year</b>	15	<u>3,570,360</u>	<u>4,414,340</u>
<b>NET CURRENT ASSETS</b>		<u>11,068,544</u>	<u>9,735,023</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>15,653,822</u>	<u>13,944,588</u>
<b>CREDITORS - amounts falling due after more than one year</b>	16	269,857	371,713
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	18	475,332	385,781
		<u>14,908,633</u>	<u>13,187,094</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	25,440	25,440
Capital reserve	20	225,702	225,702
Revaluation reserves	20	1,349,315	750,814
Profit and loss account	21	13,308,176	12,185,138
<b>Equity shareholders' funds</b>	22	<u>14,908,633</u>	<u>13,187,094</u>

S J Dorrell

P R Warr

Directors

13 June 2001



# Faithful Group Limited

## COMPANY BALANCE SHEET at 31 December 2000

	Note	2000 £	1999 £
<b>FIXED ASSETS</b>			
Tangible assets	10	1,039	-
Investments	12	3,448,954	3,448,954
		<u>3,449,993</u>	<u>3,448,954</u>
<b>CURRENT ASSETS</b>			
Debtors	14	2,036,828	2,342,174
Cash at bank and in hand		400,467	44,771
		<u>2,437,295</u>	<u>2,386,945</u>
<b>CREDITORS: amounts falling due within one year</b>	15	271,178	147,865
<b>NET CURRENT ASSETS</b>		<u>2,166,117</u>	<u>2,239,080</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>5,616,110</u>	<u>5,688,034</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	25,440	25,440
Profit and loss account	21	5,590,670	5,662,594
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>5,616,110</u>	<u>5,688,034</u>

S J Dorrell

P R Warr

13 June 2001

*[Signature]*  
Directors  
*[Signature]*

# Faithful Group Limited

## GROUP CASH FLOW STATEMENT for the year ended 31 December 2000

	Notes	2000 £	1999 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	23	2,762,531	1,674,510
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		92,144	62,338
Interest paid		(77,811)	(72,151)
<b>NET CASH INFLOW/ (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		14,333	(9,813)
<b>TAXATION</b>			
Corporation tax paid		(620,566)	(1,115,824)
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire tangible fixed assets		(410,236)	(350,230)
Receipts from sale of tangible fixed assets		150,456	202,524
		(259,780)	(147,706)
<b>ACQUISITIONS</b>			
Purchase of subsidiary undertakings		-	(1,279,243)
Net overdraft acquired with subsidiary undertakings		-	(596,667)
		-	(1,875,910)
<b>EQUITY DIVIDENDS PAID</b>		(127,200)	(139,920)
<b>FINANCING</b>			
Repayment of capital element of finance lease and hire purchase contracts		(66,129)	(64,800)
Cash (outflow)/ inflow from borrowings		(435,751)	525,748
		(501,880)	460,948
<b>INCREASE/(DECREASE) IN CASH</b>	23	1,267,438	(1,153,715)

**1 ACCOUNTING POLICIES**

The accounts are prepared under the historical cost convention, except that certain properties are included at valuation, and in accordance with applicable accounting standards.

***Basis of consolidation***

The consolidated accounts incorporate the accounts of the company and each of its subsidiaries for the year ended 31 December 2000.

***Fixed assets and depreciation***

Freehold land is not depreciated. The cost or valuation of other fixed assets is written off by equal annual instalments over their expected useful lives as follows:

Freehold buildings	25-40 years
Plant and equipment	3-10 years
Motor vehicles	4-5 years

***Leased assets***

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals in respect of assets held under operating leases are charged to the profit and loss account as incurred.

***Stocks***

Stocks are valued at the lower of cost and net realisable value. In the case of finished goods and work in progress cost comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads.

***Deferred taxation***

Provision is made for deferred taxation, using the liability method, on short-term timing differences and all other material timing differences which are not expected to continue in the future.

***Pension costs***

Pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to employees are evenly matched, so far as possible, to the service lives of the employees concerned. Any excess or deficiency of the actuarial value of assets over the actuarial value of liabilities of the pension scheme is allocated over the average remaining service lives of current employees.

***Foreign currencies***

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction; monetary assets and liabilities at the balance sheet date are translated at the year end rate of exchange. All exchange differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves together with the exchange difference on the carrying amount of the related investments.

Upon consolidation, assets and liabilities of the overseas subsidiaries are translated at the year end rate of exchange and the profit and loss account at an average rate. All exchange differences arising on consolidation are included in reserves.

# Faithful Group Limited

## NOTES TO THE ACCOUNTS at 31 December 2000

### 1 ACCOUNTING POLICIES *(continued)*

#### **Goodwill**

Depending on the circumstances of each acquisition, goodwill arising on acquisition prior to 31 December 1997 was set off directly against reserves. Goodwill previously eliminated against reserves has not been reinstated on implementation of FRS 10.

Positive goodwill arising on acquisitions since 1 January 1998 is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closures.

### 2 TURNOVER

Turnover comprises sales to third parties exclusive of value added tax. Turnover is attributable to one continuing activity, the manufacture and supply of garments for people at work.

Turnover is analysed as follows:

	2000	1999
	£	£
Continuing operations:		
United Kingdom	11,814,839	12,598,385
Overseas	14,738,816	12,992,189
	<u>26,553,655</u>	<u>25,590,574</u>

### 3 OPERATING COSTS

	2000	1999
	£	£
Decrease in stocks of finished goods and work in progress	223,166	1,036,569
Raw materials and consumables	13,170,802	12,129,225
Staff costs:		
Wages and salaries	7,140,106	6,830,448
Social security costs	883,188	933,245
Other pension costs	293,813	245,753
Depreciation of owned assets	495,574	470,829
Depreciation of assets held under finance lease and hire purchase contracts	53,752	51,332
Amortisation of goodwill	29,444	19,630
Operating lease rentals - plant and equipment	199,872	215,954
- land and buildings	124,353	133,376
Auditors' remuneration - audit services	72,657	61,210
- non-audit services	19,545	30,210
Other operating charges	2,393,058	2,039,435
	<u>25,099,330</u>	<u>24,197,216</u>

Included in auditors remuneration are audit fees paid to the group auditors, Ernst & Young, of £16,500 together with non audit fees of £14,387.

# Faithful Group Limited

## NOTES TO THE ACCOUNTS at 31 December 2000

### 4 INTEREST RECEIVABLE

	2000	1999
	£	£
Bank interest	92,144	62,338

### 5 INTEREST PAYABLE

	2000	1999
	£	£
On amounts repayable within five years:		
Bank overdrafts and loans	60,494	52,570
Finance Charges	17,317	19,581
	<u>77,811</u>	<u>72,151</u>

### 6 DIRECTORS' EMOLUMENTS

	2000	1999
	£	£
Emoluments (excluding pension contributions)	<u>341,721</u>	<u>317,745</u>
<i>Highest paid director:</i>		
Emoluments (excluding pension contributions)	<u>118,011</u>	<u>106,409</u>
Accumulated accrued pension benefits	<u>33,214</u>	<u>65,461</u>

### 7 EMPLOYEES

The average number of employees during the period was 717 (1999 - 662).

### 8 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
The charge based on the profit for the year comprises:		
UK Corporation tax at 30%(1999: 30.25%)	193,887	304,609
Corporation tax adjustment for prior years	(1,464)	-
	<u>192,423</u>	<u>304,609</u>
Overseas current tax	252,369	363,487
Overseas deferred tax	59,005	(169,972)
	<u>503,797</u>	<u>498,124</u>

# Faithful Group Limited

## NOTES TO THE ACCOUNTS at 31 December 2000

### 9 DIVIDENDS

	2000	1999
	£	£
Interim paid of 150p per share (1999 - 150p)	38,160	38,160
Proposed final of 700p per share (1999 - 350p)	178,080	89,040
	<u>216,240</u>	<u>127,200</u>

### 10 TANGIBLE FIXED ASSETS

#### Group

	Freehold land and buildings	Plant, equipment and vehicles	Total
	£	£	£
Cost or valuation:			
At 1 January 2000	2,750,058	6,978,633	9,728,691
Exchange adjustments	47,935	149,744	197,679
Additions	6,901	403,335	410,236
Disposals	(165,000)	(1,395,170)	(1,560,170)
Surplus on revaluation	518,439	-	518,439
Reclassification to current assets	(115,000)	-	(115,000)
At 31 December 2000	<u>3,043,333</u>	<u>6,136,542</u>	<u>9,179,875</u>
Depreciation:			
At 1 January 2000	468,092	5,620,283	6,088,375
Exchange adjustments	19,114	124,006	143,120
Charge for the year	61,862	487,464	549,326
Disposals	(67,650)	(1,380,199)	(1,447,849)
Release on revaluation	(183,295)	-	(183,295)
Reclassification to current assets	(15,275)	-	(15,275)
At 31 December 2000	<u>282,848</u>	<u>4,851,554</u>	<u>5,134,402</u>
Net book value:			
At 31 December 2000	<u>2,760,485</u>	<u>1,284,988</u>	<u>4,045,473</u>
At 1 January 2000	<u>2,281,966</u>	<u>1,358,350</u>	<u>3,640,316</u>

During the year certain overseas freehold land and buildings were revalued on an open market value for existing use at a total amount of £855,578 by external valuers possessing the required professional qualifications. The net book value of plant, equipment and vehicles above includes an amount of £102,721 (1999 : £156,473) in respect of assets held under finance lease and hire purchase contracts.

# Faithful Group Limited

## NOTES TO THE ACCOUNTS at 31 December 2000

### 10 TANGIBLE FIXED ASSETS *(continued)*

An analysis of cost or valuation of freehold land and buildings is as follows:

	2000	1999
	£	£
At cost	1,087,755	1,370,058
At 1999 valuation	1,100,000	1,380,000
At 2000 valuation	855,578	-
	<u>3,043,333</u>	<u>2,750,058</u>

On a historical cost basis freehold land and buildings would have been included at:

	2000	1999
	£	£
Cost	2,232,928	2,385,928
Accumulated depreciation	716,801	693,947
	<u>1,516,127</u>	<u>1,691,981</u>

Freehold land and buildings includes £645,940 (1999 - £707,356) in respect of land.

#### *Company*

	<i>Plant, equipment and vehicles</i>
	£
Cost or valuation:	
At 1 January 2000	12,200
Additions	1,299
At 31 December 2000	<u>13,299</u>
Depreciation:	
At 1 January 2000	12,200
Charge for year	260
At 31 December 2000	<u>12,460</u>
Net book value:	
At 31 December 2000	<u>1,039</u>
At 1 January 2000	<u>-</u>

# Faithful Group Limited

## NOTES TO THE ACCOUNTS at 31 December 2000

### 11 INTANGIBLE FIXED ASSETS

#### *Group*

	<i>Goodwill</i> £
Cost:	
At 1 January and 31 December 2000	588,879
Amortisation:	
At 1 January 2000	19,630
Charge for the year	29,444
At 31 December 2000	49,074
Net book value:	
At 31 December 2000	539,805
At 1 January 2000	569,249



# Faithful Group Limited

## NOTES TO THE ACCOUNTS at 31 December 2000

### 12 FIXED ASSETS - INVESTMENT

<i>Company</i>		
Subsidiary undertakings	2000 Shares £	1999 Shares £
Cost:		
At 1 January	3,448,954	1,399,711
Additions	-	2,049,243
At 31 December	3,448,954	3,448,954

The group has shareholdings at 31 December 2000 in the following subsidiary undertakings:

Faithful Limited	- registered in England and Wales
Frederick Moffat Limited (non-trading)	- registered in England and Wales
Faithful Holdings Limited	- registered in England and Wales
Faithful GB Limited (non-trading)	- registered in England and Wales
Bristol Uniforms Limited	- registered in England and Wales
Faithful Nederland BV	- incorporated in Holland
Faithful BV	- incorporated in Holland
Liemco Beroepskleding BV	- incorporated in Holland
Faithful Inc	- incorporated in the USA
Topps Safety Apparel Inc	- incorporated in the USA
Bristol Fire Apparel Inc	- incorporated in the USA
Faithful Qualitext S.A.R.L.	- incorporated in Tunisia

All subsidiaries are wholly owned.

At 31 December 2000 the investment in Faithful BV and Liemco Beroepskleding BV were held by Faithful Nederland BV, the investment in Faithful Nederland BV and Faithful Inc. were held by Faithful Holdings Limited and the investment in Frederick Moffat Limited was held by Faithful Limited. The investment in Topps Safety Apparel Inc and Bristol Fire Apparel Inc were held by Faithful Inc. The investments in all other subsidiaries are held by the company.

During the year certain assets were transferred at cost from Bristol Uniforms Limited to Bristol Fire Apparel Inc.

The trading subsidiaries manufacture and supply garments for people at work.

### 13 STOCKS

	2000 £	1999 £
<i>Group</i>		
Raw materials	2,076,501	2,162,310
Work in progress	883,911	799,851
Finished goods	3,745,064	4,055,954
Other	9,664	16,590
	6,715,140	7,034,705

The difference between purchase price or production cost of stocks and their replacement cost is not material.

# Faithful Group Limited

## NOTES TO THE ACCOUNTS at 31 December 2000

### 14 DEBTORS

<i>Group</i>	2000 £	1999 £
Amounts due within one year:		
Trade debtors	4,302,163	4,823,187
Overseas tax	102,684	-
Other debtors	99,725	-
Prepayments and accrued income	313,184	348,389
	<u>4,817,756</u>	<u>5,171,576</u>
<i>Company</i>		
Amounts due within one year:		
Amounts due from subsidiary undertakings	2,034,627	2,339,600
Prepayments and accrued income	2,201	2,574
	<u>2,036,828</u>	<u>2,342,174</u>

### 15 CREDITORS: amounts falling due within one year

<i>Group</i>	2000 £	1999 £
Bank overdraft (note 17)	73,050	227,927
Bank loans (note 17)	47,576	47,576
Other loans (note 17)	161,363	549,537
Trade creditors	1,499,799	1,659,499
Accruals and deferred income	986,580	960,270
Taxation and social security	399,742	598,344
UK Corporation tax	110,971	153,253
Overseas tax	-	29,344
Dividends	178,080	89,040
Pension scheme contributions	67,660	31,979
Obligations under finance lease and hire purchase contracts (note 17)	45,539	67,571
	<u>3,570,360</u>	<u>4,414,340</u>
<i>Company</i>		
	2000 £	1999 £
Amounts due to subsidiary undertakings	49,822	-
UK Corporation tax	12,500	37,500
Dividends	178,080	89,040
Accruals and deferred income	30,776	21,325
	<u>271,178</u>	<u>147,865</u>

# Faithful Group Limited

## NOTES TO THE ACCOUNTS at 31 December 2000

### 16 CREDITORS : amounts falling due after more than one year Group

	2000	1999
	£	£
Bank loans (note 17)	166,520	214,097
Obligations under finance lease and hire purchase contracts (note 17)	6,928	51,023
Accruals and deferred income	96,409	106,593
	<u>269,857</u>	<u>371,713</u>

### 17 BORROWINGS

#### Group

#### Loans

	2000	1999
	£	£
Repayable on demand	161,363	549,537
Bank loan wholly repayable within five years in quarterly instalments of £11,894	214,096	261,673
	<u>375,459</u>	<u>811,210</u>
Less: included in creditors : amounts falling due within one year	(208,939)	(597,113)
	<u>166,520</u>	<u>214,097</u>

	2000	1999
	£	£
Amounts repayable:		
In one year or less or on demand	208,939	597,113
In more than one year but not more than two years	47,576	47,576
In more than two years but not more than five years	118,944	166,521
	<u>375,459</u>	<u>811,210</u>

#### Obligations under finance lease and hire purchase contracts

#### Amounts payable:

Within one year	45,539	67,571
In two to five years	6,928	51,023
	<u>52,467</u>	<u>118,594</u>

The bank overdraft and bank loan are secured by a fixed charge over the freehold property of Bristol Uniforms Limited and a floating charge over the remaining assets of that company. Other loans of £161,363 (1999: £549,537) are secured by a charge over the book debts of Bristol Uniforms Limited.

# Faithful Group Limited

## NOTES TO THE ACCOUNTS at 31 December 2000

### 18 PROVISIONS FOR LIABILITIES AND CHARGES

#### Group

#### Deferred taxation

	2000	1999
	£	£
At 1 January	385,781	540,783
Exchange adjustments	30,546	14,970
Transfer from/(to) profit and loss account	59,005	(169,972)
At 31 December	<u>475,332</u>	<u>385,781</u>

Deferred taxation provided in the accounts and the full potential liability consists of:

	2000	Provided 1999	Full potential liability 2000	1999
	£	£	£	£
Accelerated capital allowances	-	-	66,057	47,679
Short term timing differences	-	-	(60,351)	(13,373)
Overseas short term timing differences	475,332	385,781	475,332	385,781
	<u>475,332</u>	<u>385,781</u>	<u>481,038</u>	<u>420,087</u>

Deferred tax on the revalued properties is not provided since there is no intention to sell any of these properties in the foreseeable future and therefore no timing differences arise.

### 19 CALLED UP SHARE CAPITAL

	Authorised 2000 & 1999 £
Ordinary shares of £1 each	<u>50,000</u>
	Allotted, called up and fully paid 2000 & 1999 £
Ordinary shares of £1 each	<u>25,440</u>

# Faithful Group Limited

## NOTES TO THE ACCOUNTS at 31 December 2000

### 20 RESERVES GROUP

	<i>Capital Revaluation</i>	
	£	£
At 1 January 2000	225,702	750,814
Surplus on revaluation	-	701,734
Transfer to profit and loss account	-	(103,233)
At 31 December 2000	<u>225,702</u>	<u>1,349,315</u>

### 21 PROFIT AND LOSS ACCOUNT

	<i>Company</i>	<i>Group</i>
	£	£
At 1 January 2000	5,662,594	12,185,138
Exchange adjustments	26,980	271,184
(Loss)/profit for the year	(98,904)	748,621
Transfer from revaluation reserve	-	103,233
At 31 December 2000	<u>5,590,670</u>	<u>13,308,176</u>

As permitted by Section 228(7) of the Companies Act 1985 the profit and loss account of the parent company is not presented as part of these accounts. The profit on ordinary activities for the financial year dealt with in the accounts of the company amounted to £117,336 (1999: profit £3,073,298).

The cumulative amount of goodwill written off against reserves at 31 December 2000, net of goodwill relating to undertakings disposed of, is £327,981 (1999: £327,981).

### 22 RECONCILIATION OF SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Total recognised gains and losses	1,937,779	911,652
Dividends	(216,240)	(127,200)
Total movements during the year	<u>1,721,539</u>	<u>784,452</u>
Shareholders' funds at 1 January	13,187,094	12,402,642
Shareholders' funds at 31 December	<u>14,908,633</u>	<u>13,187,094</u>

NOTES TO THE ACCOUNTS  
at 31 December 2000

## 23 CASH FLOW STATEMENT

	2000	1999		
	£	£		
a) Reconciliation of operating profit to net cash inflow from operating activities.				
Operating profit	1,454,325	1,393,358		
Depreciation charges	549,326	522,161		
Amortisation of goodwill	29,444	19,630		
(Profit)/loss on sale of tangible fixed assets	(38,135)	(78,768)		
Decrease in stocks	319,565	1,168,960		
Decrease in debtors	556,229	418,234		
Decrease in creditors	(108,223)	(1,769,065)		
	<u>2,762,531</u>	<u>1,674,510</u>		
b) Reconciliation of net cash flow to movement in net cash				
	2000	1999		
	£	£		
Increase/(decrease) in cash	1,267,438	(1,153,715)		
Cash inflow/(outflow) from movement in loans	435,751	(525,748)		
Repayment of capital element of finance lease and hire purchase contracts	66,129	64,800		
Change in net cash resulting from cash flows	1,769,318	(1,614,663)		
Net debt acquired with subsidiary undertaking	-	(468,856)		
Exchange differences	50,365	(89,370)		
MOVEMENT IN NET CASH	<u>1,819,683</u>	<u>(2,172,889)</u>		
NET CASH AT 1 JANUARY	<u>785,351</u>	<u>2,958,240</u>		
NET CASH AT 31 DECEMBER	<u>2,605,034</u>	<u>785,351</u>		
c) Analysis of net cash				
	At 1 January 2000 £	Cash flow £	Exchange differences	At 31 December 2000 £
Cash at bank and in hand	1,943,082	1,112,561	50,365	3,106,008
Bank overdrafts	(227,927)	154,877	-	(73,050)
Cash	1,715,155	1,267,438	50,365	3,032,958
Loans	(811,210)	435,751	-	(375,459)
Finance lease and hire purchase contracts	(118,594)	66,129	-	(52,465)
	<u>785,351</u>	<u>1,769,318</u>	<u>50,365</u>	<u>2,605,034</u>

# Faithful Group Limited

## NOTES TO THE ACCOUNTS at 31 December 2000

### 24 CAPITAL COMMITMENTS

	2000	1999
	£	£
Contracted	-	-

### 25 LEASING COMMITMENTS

The annual commitment under non-cancellable operating leases was as follows:

	<i>Land and Buildings</i>		<i>Other</i>	
	2000	1999	2000	1999
	£	£	£	£
Leases expiring:				
Within one year	-	-	66,525	37,365
Within two to five years	82,339	31,199	98,190	130,777
Thereafter	71,093	121,915	20,275	20,275
	<u>153,432</u>	<u>153,114</u>	<u>184,990</u>	<u>188,417</u>

### 26 PENSION SCHEME

The group operates four pension schemes.

The main scheme is defined benefit and relates to the company and its UK subsidiaries. The assets are held separately from those of the company in an independently administered fund. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees working lives with the company.

The pension cost is assessed triennially in accordance with the advice of a qualified actuary using the projected unit method. The latest actuarial assessment of the scheme was as at 5 April 2000. The assessment incorporated the main following assumptions.

Investment return	8% pa
Pensionable salary increases	6% pa
Pension increases	LPI average of 3.5% for benefits accruing after 6 April 1999

At the date of the latest actuarial valuation, the market value of the schemes assets was £5,337,000, and the actuarial value of the assets was sufficient to cover 89% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the company were increased to 13.8% of earnings with effect from 6 April 2000, whilst certain employee contributions were increased from 5% to 6% with effect from 6 April 2001.

A formal schedule of contribution to meet minimum funding requirements has been certified by the scheme actuary.

There are two defined benefit schemes in the Dutch subsidiaries. Benefits are secured by means of insurance policies, with employee contributions of 9% and 5% of earnings, and the balance of premiums paid by the relevant subsidiary.

The US trading subsidiary operates an elective contribution plan, in which the subsidiary contributes an amount of 25% of the employees' contributions up to 5% of their compensation.