

REGISTRAR'S COPY

BANNER GROUP LIMITED

FINANCIAL STATEMENTS

**for the fifty-three weeks ended
31 October 2004**



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BANNER GROUP LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2004

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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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BANNER GROUP LIMITED**Directors**

F W Wood (Chairman)
N R Carrick

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements of the company for the fifty-three weeks ended 31 October 2004 ("the year").

Business review

The principal activity of the company continues to be that of a holding company.

The trading results for the year are shown in the profit and loss account on page 4.

The directors do not recommend the payment of a final dividend (2003: £169,000).

Directors

The membership of the Board is shown above. All served on the Board for the whole of the financial year.

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.

Auditors

The auditors, KPMG Audit Plc, have expressed their willingness to continue in office.

By order of the Board



A Robson
Secretary

Fish Dock Road
GRIMSBY

24 August 2005

BANNER GROUP 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 year. 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
BANNER GROUP LIMITED**

We have audited the financial statements on pages 4 to 9.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and as described on page 2, 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 31 October 2004, and of its result for the fifty-three 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

24 August 2005

BANNER GROUP LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE FIFTY-THREE WEEKS ENDED 31 OCTOBER 2004

		53 weeks ended 31 October 2004	52 weeks ended 26 October 2003
	Note	£	£
Operating profit	2	—	<u>169,000</u>
Profit for the financial year		-	169,000
Dividends	3	—	<u>(169,000)</u>
Transferred to reserves	8	—	—

All operations are classed as continuing.

The company has no recognised gains or losses other than the losses 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 6 to 9 form part of these financial statements.

BANNER GROUP LIMITED
BALANCE SHEET – 31 OCTOBER 2004

	Note	31 October 2004 £	26 October 2003 £
Fixed assets			
Investments	4	516,250	516,250
Current assets			
Debtors	5	<u>480,499</u>	<u>649,499</u>
Bank and cash balances			
Creditors			
Amounts falling due within one year	6	<u>506,584</u>	<u>675,584</u>
Net current liabilities		<u>(26,085)</u>	<u>(26,085)</u>
Net assets		<u>490,165</u>	<u>490,165</u>
Capital and reserves			
Called up share capital	7	115,804	115,804
Profit and loss account	8	<u>374,361</u>	<u>374,361</u>
Shareholders' funds		<u>490,165</u>	<u>490,165</u>

Approved by the Board on 24 August 2005



N R Carrick - Director

The notes on pages 6 to 9 form part of these financial statements.

BANNER GROUP LIMITED

NOTES ON FINANCIAL STATEMENTS – 31 OCTOBER 2004

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.

Subsidiary undertakings

Group financial statements are not prepared for the company and its subsidiary undertakings by virtue of S228 of the Companies Act 1985.

Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is recognised, without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Pension costs

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

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

2. Operating profit

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

	2004 £	2003 £
Group dividends receivable	—	(169,000)

3 Dividends

	2004 £	2003 £
Final dividend proposed £nil per share (2003: £1.51)	—	169,000

BANNER GROUP LIMITED

NOTES ON FINANCIAL STATEMENTS – 31 OCTOBER 2004
(continued)

4 Investments

	2004 £	2003 £
Shares in subsidiary undertakings		
At cost		
26 October 2003	654,604	654,604
Less amounts written off	(138,354)	(138,354)
31 October 2004	<u>516,250</u>	<u>516,250</u>

The subsidiary undertakings of Banner Group Limited are:

Banner Limited – manufacture of Schoolwear, Childrenswear, Men's and Ladieswear
 Glory Years Limited – Dormant
 Young Biggles Limited – Dormant
 Pegasus Leisurewear Limited - Dormant
 Superleague Sports Limited - Dormant
 Beau Brummel Limited - Dormant

All subsidiaries are wholly owned and registered in England and Wales.

5 Debtors

	2004 £	2003 £
Amounts falling due within one year		
Amounts due from fellow subsidiary undertakings	480,499	480,349
Group taxation relief recoverable	-	150
Dividends due	-	<u>169,000</u>
	<u>480,499</u>	<u>649,499</u>

6 Creditors

	2004 £	2003 £
Amounts falling due within one year:		
Amounts owed to fellow subsidiary undertakings	506,584	506,584
Dividends	-	<u>169,000</u>
	<u>506,584</u>	<u>675,584</u>

BANNER GROUP LIMITED

NOTES ON FINANCIAL STATEMENTS – 31 OCTOBER 2004

7 Called up share capital	2004	2003
	£	£
Authorised:		
Ordinary shares of £1 each	166,000	166,000
Preference shares of £1 each	<u>4,000</u>	<u>4,000</u>
	<u>170,000</u>	<u>170,000</u>
Issued and fully paid:		
Ordinary shares of £1 each	111,804	111,804
Preference shares of £1 each	<u>4,000</u>	<u>4,000</u>
	<u>115,804</u>	<u>115,804</u>

No dividend has been paid on the cumulative preference shares, the arrears amount to £1,920 (2003: £1,680). The shareholders have waived their rights to this dividend.

The preference shares confer on the holders thereof the right to receive a fixed cumulative preferential dividend at the rate of 6% per annum (now 4.2% plus tax credit) calculated up to 31 March and 30 September in each year, and the right in a winding up to repayment of the capital paid up, together with any arrears of the said dividend calculated to the date of repayment. Such rights, both as regards dividend and capital, shall be in priority to any payment to the holders of any other class of shares, although the holders of the preference shares shall have no further right to participate in the profits or assets of the company.

The preference shares shall not entitle the holders thereof to attend or vote at any general meeting unless either:

- (i) at the date of the notice convening the general meeting the preference dividend is twelve months in arrears from the payment date of any half yearly instalments, or
- (ii) the business of the meeting includes the consideration of any Resolution modifying any of the special rights and privileges attached to the preference shares in which case they shall only be entitled to vote on any such Resolution.

8 Reserves	2004	2003
	£	£
(a) Reconciliation of movements in equity shareholders' funds		
Loss for the financial year	-	-
Opening shareholders' funds	<u>490,165</u>	<u>490,165</u>
Closing shareholders' funds	<u>490,165</u>	<u>490,165</u>
Shareholders' funds includes non equity interests of	<u>4,000</u>	<u>4,000</u>
(b) Profit and loss account		
Balance at 26 October 2003	374,361	374,361
Retained loss for the year	<u>-</u>	<u>-</u>
Balance at 31 October 2004	<u>374,361</u>	<u>374,361</u>

BANNER GROUP LIMITED**NOTES ON FINANCIAL STATEMENTS – 31 OCTOBER 2004****9 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.

10 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.