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**BANNER GROUP LIMITED**

**FINANCIAL STATEMENTS**

**for the forty-three weeks ended  
28 October 2001**



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**BANNER GROUP 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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# BANNER GROUP LIMITED

## Directors

F W Wood (Chairman)  
A P H Thomas (Managing)  
N R Carrick  
K C Scates  
P McDonald

## DIRECTORS' REPORT

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

### Business review

The entire issued share capital of SEET Limited, the company's ultimate holding company, was acquired by Cosalt plc on the 23 April 2001, and as a result of this, the company's year end was changed to 31 October.

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

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: £nil).

### Directors

The membership of the Board is shown above. All served on the Board for the whole of the financial period with the exception of Messrs Wood, Thomas and Carrick who were appointed directors on 2 May 2001.

### 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 31 December 2000
P McDonald	1,000	Nil
K C Scates	10,000	Nil
A P H Thomas	2,739	2,420

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

**BANNER GROUP 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 31 Dec 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*	27.04.10
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.

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.

**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



P. McDonald  
Secretary

Fish Dock Road  
GRIMSBY

28 January 2002

**BANNER GROUP 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  
BANNER GROUP LIMITED**

We have audited the financial statements on pages 5 to 10

**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 loss for the forty-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

28 January 2002

**BANNER GROUP LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE FORTY-THREE WEEKS ENDED 28 OCTOBER 2001**

		43 weeks ended 28 October 2001	year ended 31 December 2000
	Note	£	£
<b>Operating loss</b>	2	(358,697)	(3,470)
Taxation on ordinary activities		<u>(150)</u>	<u>-</u>
<b>Loss for the financial period</b>	8	<u>(358,547)</u>	<u>(3,470)</u>

All operations are classed as continuing.

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

The notes on pages 7 to 10 form part of these financial statements.

**BANNER GROUP LIMITED**  
**BALANCE SHEET – 28 OCTOBER 2001**

	Note	28 October 2001		31 December 2000	
		£	£	£	£
<b>Fixed assets</b>					
Investments	4		516,250		654,853
<b>Current assets</b>					
Debtors	5	467,475		686,418	
Bank and cash balances		<u>13,263</u>		<u>16,755</u>	
		480,738		703,173	
<b>Creditors</b>					
Amounts falling due within one year	6	<u>506,819</u>		<u>509,310</u>	
<b>Net current (liabilities)/assets</b>			<u>(26,081)</u>		<u>193,863</u>
<b>Net assets</b>			<u>490,169</u>		<u>848,716</u>
<b>Capital and reserves</b>					
Called up share capital	7		115,804		115,804
Profit and loss account	8		<u>374,365</u>		<u>732,912</u>
<b>Shareholders' funds</b>			<u>490,169</u>		<u>848,716</u>

Approved by the Board on 28 January 2002



N R Carrick - Director

The notes on pages 7 to 10 form part of these financial statements.



## BANNER GROUP 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.

**Subsidiary undertakings**

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

**2. Operating loss**

Operating loss on ordinary activities has been arrived at after charging:

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Other external charges	35	5
Auditors' remuneration	500	3,465
Amounts written off investment in subsidiary undertakings	138,354	-
Amounts written off loans to subsidiary undertakings	<u>219,808</u>	<u>-</u>
	<u>358,697</u>	<u>3,470</u>

**3 Taxation of ordinary activities**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
The taxation charge based on the loss on ordinary activities is:		
UK Corporation tax payable at 30%	<u>(150)</u>	<u>-</u>

## BANNER GROUP LIMITED

NOTES ON FINANCIAL STATEMENTS – 28 OCTOBER 2001  
(continued)**4 Investments**

	2001 £	2000 £
Shares in subsidiary undertakings		
At cost		
1 January 2001	654,853	654,853
Less reduction in amount paid	<u>(249)</u>	<u>-</u>
	654,604	654,853
Less amounts written off	<u>138,354</u>	<u>-</u>
28 October 2001	<u>516,250</u>	<u>654,853</u>

The subsidiary undertakings of Banner Group Limited are:

Banner Limited – manufacture of Schoolwear, Childrenswear, Men's and Ladieswear  
 Glory Years Limited – Distribution of sportswear  
 Leda Workwear Limited – Distribution of workwear clothing  
 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**

	2001 £	2000 £
Amounts falling due within one year:		
Amounts due from fellow subsidiary undertakings	466,807	686,366
Group taxation relief recoverable	150	-
Other taxation	518	-
Other debtors	<u>-</u>	<u>52</u>
	<u>467,475</u>	<u>686,418</u>

**6 Creditors**

	2001 £	2000 £
Amounts falling due within one year:		
Amounts owed to fellow subsidiary undertakings	506,584	492,469
Other creditors	235	14,291
Accruals and deferred income	<u>-</u>	<u>2,550</u>
	<u>506,819</u>	<u>509,310</u>

## BANNER GROUP LIMITED

## NOTES ON FINANCIAL STATEMENTS – 28 OCTOBER 2001

<b>7 Called up share capital</b>	<b>2001 £</b>	<b>2000 £</b>
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 £1,200 (2000: £960)

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.

## BANNER GROUP LIMITED

## NOTES ON FINANCIAL STATEMENTS – 28 OCTOBER 2001

<b>8 Reserves</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
<b>(a) Reconciliation of movements in equity shareholders' funds</b>		
Loss for the financial period	(358,547)	(3,470)
Opening shareholders' funds	<u>848,716</u>	<u>852,186</u>
Closing shareholders' funds	<u>490,169</u>	<u>848,716</u>
Shareholders' funds includes non equity interests of	<u>4,000</u>	<u>4,000</u>
<b>(b) Profit and loss account</b>		
Balance at 1 January 2001	732,912	
Retained loss for the period	<u>(358,547)</u>	
Balance at 28 October 2001	<u>374,365</u>	

**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.