

Claremont Garments (South) Limited

Report and Accounts

31 December 1998

Registered number 470815



Claremont Garments (South) Limited
Company Information

Directors

CT Cattermole (appointed 14/10/98)
SM Dring (appointed 14/10/98)
JM Gilliatt (resigned 14/10/98)
NI Hamilton (resigned 30/4/98)
SA Jenkins (appointed 18/12/98)
D McGarvey (resigned 31/12/97)
MJ McWilliams (resigned 30/4/98)
RS Shearer (appointed 6/5/98, resigned 14/10/98)
PJ Sheldrick (resigned 30/6/98)
M Sherwin (appointed 18/12/98)
T Simms (resigned 14/10/98)
KM Weir (resigned 10/10/98)
PM Wiegand (resigned 14/10/98)

Secretary

SM Dring

Auditors

PricewaterhouseCoopers
Victoria House
76 Milton Street
Nottingham
NG1 3QY

Registered office

1 Stephenson Road
Peterlee
Co Durham
SR8 5AX

Claremont Garments (South) Limited
Directors' Report

The directors present their report and audited accounts for the period ended 31 December 1998.

Principal activities and review of the business

The company's principal activity during the period continued to be the manufacture of ladies and childrens clothing. With effect from 1 January 1999, the company's trade and assets were transferred into Courtaulds Textiles (Holdings) Limited, a fellow subsidiary undertaking of Courtaulds Textiles plc, the ultimate parent.

Results and dividends

The loss for the period, after taxation, amounted to £1,453,000 (1997: loss of £135,000), and this amount was transferred from reserves. The directors do not recommend the payment of a dividend.

Directors

The directors who served during the period are noted on page 1.

As at the balance sheet date, no director held any beneficial interest in the company. The interests of the directors in office at the balance sheet date and their families in the share capital of the ultimate holding company, Courtaulds Textiles plc were as follows:

Courtaulds Textiles plc 25 pence ordinary shares

	1998		1997	
	Shareholding	Executive Options	Shareholding	Executive Options
C T Cattermole	1,200	32,500	-	17,500
S A Jenkins	238	17,500	1,311	7,500
M Sherwin	161	37,500	-	27,500

Options have been granted under the Courtaulds Textiles Executive Share Options Scheme II (at subscription prices of 336p, 333p, 287p and 182p) and the Courtaulds Textiles Savings Related Share Option Scheme (at a subscription price of 229p). No options were exercised during the period and no change has occurred in these interests before 11 March 1999.

Employees

Our objective is to employ appropriately skilled people and provide them with an employment environment in which they can maximise their contribution to the business. We place considerable emphasis at all levels on training and development and have recently introduced innovative courses on marketing and new product development. We place our emphasis on raising the number and quality of technical people in the company. We encourage employees to develop their careers across the Courtaulds Textiles plc group and are able to offer challenging, international employment opportunities. We are focusing increasingly on initiatives to measure and improve individual performance. The fourth annual meeting of the European Works Council will take place in May 1999.

Employment practices

Employees are kept informed of matters of concern to them by means of frequent newflashes and an in-house magazine published every two months. Consultation with staff and their representatives is carried out in a variety of ways on an ongoing basis.

The company's policy is to encourage employment applications from all sections of the community, including disabled people, and to support and assist the retention of disabled and other employees through training, development and career progression.

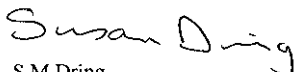
Year 2000

All computer systems and other electronic chip-based technology have been reviewed. Appropriate action is being taken to ensure that existing and new systems will comply with the year 2000. Only marginal additional costs will be incurred.

Auditors

Ernst & Young resigned as auditors on 8 December 1998, when PricewaterhouseCoopers were appointed. A resolution to reappoint PricewaterhouseCoopers as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 11 March 1999.


S M Dring
Secretary

Claremont Garments (South) Limited
Directors' Report

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group as at the end of the financial year and of the profit or loss for the financial year. Following discussions with the auditors, the directors consider that in preparing the accounts on pages 5 to 12, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the accounts 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 group and to prevent and detect fraud and other irregularities.

Going Concern

The directors are required to prepare the accounts on a going concern basis unless it is inappropriate to presume that the company will continue in business.

Auditors' report to the shareholders of Claremont Garments (South) Limited

We have audited the accounts on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 3 the accounts. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the accounts 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 accounts, 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

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 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 company's circumstances, consistently applied and adequately disclosed.

We planned 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. However the evidence available to us was limited because we were appointed auditors during the period and in consequence did not report on the accounts for the year ended 27 December 1997. It was not possible for us to carry out the auditing procedures necessary to obtain our own assurance as regards certain fixed assets and stocks appearing in the preceding period's accounts. Any adjustment to these figures would have a consequential effect on the loss and total recognised gains and losses for the period ended 31 December 1998.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether the profit and loss account gives a true and fair view of the company's loss for the period ended 31 December 1998.

In our opinion the balance sheet gives a true and fair view of the company's state of affairs at 31 December 1998 and in all other respects the accounts have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to opening fixed assets and stocks:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper accounting records had been kept.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Nottingham
11 March 1999

PricewaterhouseCoopers is the successor partnership to the UK firms of Price Waterhouse and Coopers & Lybrand. The principal place of business of PricewaterhouseCoopers and its associate partnerships, and of Coopers & Lybrand, is 1 Embankment Place, London WC2N 6NN. The principal place of business of Price Waterhouse is Southwark Towers, 32 London Bridge Street, London SE1 9SY. Lists of the partners' names are available for inspection at those places.

All partners in the associate partnerships are authorised to conduct business as agents of, and all contracts for services to clients are with, PricewaterhouseCoopers. PricewaterhouseCoopers is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Claremont Garments (South) Limited**Profit and Loss Account****For the period from 28 December 1997 to 31 December 1998**

	Notes	1998 £000	1997 £000
Turnover		8,904	6,985
Cost of sales		(8,262)	(6,308)
Gross profit		<u>642</u>	<u>677</u>
Distribution costs		(156)	(99)
Administrative expenses		(777)	(607)
Operating loss	2	<u>(291)</u>	<u>(29)</u>
Exceptional items	3	(1,162)	(100)
Net interest payable	5	-	(6)
Retained loss for the period	12	<u>(1,453)</u>	<u>(135)</u>

Continuing operations

All of the above results have arisen from discontinued operations.

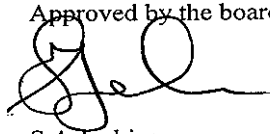
Statement of total recognised gains and losses

The company has no recognised gains or losses other than the loss for the above two periods.

Claremont Garments (South) Limited
Balance Sheet
As at 31 December 1998

	Notes	1998 £000	1997 £000
Fixed assets			
Tangible assets	6	291	479
Current assets			
Stocks	7	1,258	1,814
Debtors	8	1,021	2,059
Cash at bank and in hand		1	1
		<u>2,280</u>	<u>3,874</u>
Creditors: amounts falling due within one year	9	(2,554)	(3,835)
		<u></u>	<u></u>
Net current (liabilities)/assets		(274)	39
Total assets less current liabilities		<u>17</u>	<u>518</u>
Provisions for liabilities and charges	10	(1,052)	(100)
		<u>(1,035)</u>	<u>418</u>
Capital and reserves - equity			
Called up share capital	11	585	585
Profit and loss account	12	(1,620)	(167)
Shareholders' funds	13	<u>(1,035)</u>	<u>418</u>

Approved by the board on 11 March 1999.



S A Jenkins
Director

Claremont Garments (South) Limited

Notes to the Accounts

For the period from 28 December 1997 to 31 December 1998

1 Accounting policies

Basis of preparation

The directors of the parent company, Claremont Garments (Holdings) plc have confirmed their intention to provide continuing support to the operations of this company for the foreseeable future. As a result, these accounts have been prepared on a going concern basis.

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Tangible assets and depreciation

Tangible assets are stated at cost to the company. Depreciation is calculated on a straight line basis so as to write off the cost of the various assets over the period of their expected useful lives. The rates of depreciation vary between 1% and 6% on buildings and between 10% and 20% on plant and equipment. Capital grants are treated as deferred income and are transferred to the profit and loss account over the expected useful lives of the relevant assets.

Stock valuation

Stocks are valued at the lower of cost and net realisable value. Cost includes factory overheads.

Deferred taxation

Deferred taxation is provided only in respect of timing differences between profits as computed for taxation purposes and profits as stated in the accounts to the extent that there is a reasonable probability that deferred taxation will crystallise in the foreseeable future.

Foreign currencies

All assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date or at forward contracted rates where applicable. Exchange gains and losses are dealt with in the profit and loss account.

Leasing

Assets acquired under finance leases have been recorded in the balance sheet as tangible fixed assets at their equivalent capital value and are depreciated over the expected useful life of the asset. The corresponding liability has been recorded as a loan creditor and the interest element of the lease payments is charged to the profit and loss account over the period of the lease. Operating lease rentals are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Turnover

Turnover represents sales to customers at invoiced amounts less value added tax.

Claremont Garments (South) Limited
Notes to the Accounts
For the period from 28 December 1997 to 31 December 1998

2 Operating loss	1998	1997
	£000	£000
These figures are stated after charging:		
Depreciation of owned fixed assets	100	117
Operating lease rentals - plant and machinery	-	8
- land buildings	134	134
Auditors' remuneration - audit fees	6	10
	<hr/>	<hr/>

3 Exceptional items	1998	1997
	£000	£000
Write down of fixed assets	89	-
Reorganisation and closure costs	1,073	-
Forward lease obligations	-	100
	<hr/>	<hr/>
	1,162	100

The exceptional fixed asset write downs reflect the results of a fixed asset verification exercise performed during the period. The reorganisation and closure costs represent the costs associated with the closure of two factories following the acquisition of the Claremont group by Courtaulds Textiles plc in October 1998.

4 Staff costs	1998	1997
	£000	Restated £000
Wages and salaries	2,472	1,937
Social security costs	175	129
Other pension costs	4	4
	<hr/>	<hr/>
	2,651	2,070

	Number	Number
Average number of employees during the period	<hr/>	<hr/>
	299	265

5 Net interest payable	1998	1997
	£000	£000
Finance lease interest	<hr/>	<hr/>
	-	6

Claremont Garments (South) Limited
Notes to the Accounts
For the period from 28 December 1997 to 31 December 1998

6 Tangible fixed assets

	Long leasehold land and buildings £000	Plant and machinery £000	Total £000
Cost			
At 28 December 1997	27	2,146	2,173
Additions	-	1	1
Disposals	(27)	(1,170)	(1,197)
At 31 December 1998	-	977	977
Depreciation			
At 28 December 1997	16	1,678	1,694
Charge for the period - operating profit	1	99	100
- exceptional items	10	79	89
Disposals	(27)	(1,170)	(1,197)
At 31 December 1998	-	686	686
Net book value			
At 31 December 1998	-	291	291
At 27 December 1997	11	468	479

7 Stocks

	1998 £000	1997 £000
Raw materials and consumables	381	757
Work in progress	199	303
Finished goods and goods for resale	678	754
	<u>1,258</u>	<u>1,814</u>

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

8 Debtors

	1998 £000	1997 £000
Trade debtors	401	683
Amounts owed by group undertakings	592	1,336
Other debtors	28	-
Prepayments and accrued income	-	40
	<u>1,021</u>	<u>2,059</u>

Claremont Garments (South) Limited**Notes to the Accounts****For the period from 28 December 1997 to 31 December 1998**

9 Creditors: amounts falling due within one year	1998 £000	1997 £000
Bank loans and overdrafts	-	1,907
Finance leases	-	8
Trade creditors	743	487
Amounts owed to group undertakings	1,085	1,086
Other taxes and social security costs	522	37
Other creditors	204	43
Accruals and deferred income	-	267
	<u>2,554</u>	<u>3,835</u>

10 Provisions for liabilities and charges

	Restructuring Provision £000
At 28 December 1997	100
Charged to the profit and loss account	1,073
Utilised during the period	<u>(121)</u>
At 31 December 1998	<u>1,052</u>

No potential deferred taxation liability arising from an excess of capital allowances claimed over depreciation charged has been included in these accounts due to the availability of tax losses brought forward.

Claremont Garments (South) Limited**Notes to the Accounts****For the period from 28 December 1997 to 31 December 1998**

11 Share capital	1998	1997
	£000	£000
Authorised		
1,625,500 ordinary shares of 1p each	16	16
583,745 deferred shares of £1 each	584	584
	<u>600</u>	<u>600</u>
	1998	1997
	£000	£000
Called up and fully paid		
83,745 ordinary shares of 1p each	1	1
583,745 deferred shares of £1 each	584	584
	<u>585</u>	<u>585</u>
12 Profit and loss account		1998
		£000
At 27 December 1997		(167)
Retained loss		(1,453)
At 31 December 1998		<u>(1,620)</u>
13 Reconciliation of movement in shareholders' funds		1998
		£000
At 27 December 1997		418
Loss for the financial period		(1,453)
At 31 December 1998		<u>(1,035)</u>
14 Pension commitments		

The company participates in a defined contribution pension scheme. At 31 December 1998, no contributions were outstanding or paid in advance to the scheme (1997: nil).

Claremont Garments (South) Limited**Notes to the Accounts****For the period from 28 December 1997 to 31 December 1998****15 Other financial commitments**

At the period end the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	1998	1997	1998	1997
	£000	£000	£000	£000
Operating leases which expire:				
within one year	-	-	-	8
in over five years	134	134	-	-
	<u>134</u>	<u>134</u>	<u>-</u>	<u>8</u>

16 Cashflow statement

As the company is a wholly owned subsidiary of Courtaulds Textiles plc, a company registered in England and Wales, which prepares a consolidated cashflow statement, the company has taken advantage of the exemption provided under FRS 1 (Revised 1996) not to prepare a cashflow statement.

17 Ultimate parent undertaking

Claremont Garments (South) Limited is a subsidiary undertaking of Courtaulds Textiles plc, registered in England and Wales, which is also the ultimate controlling party. The company has taken advantage of the exemption conferred by FRS 8 Related Party Disclosures not to disclose transactions with fellow group undertakings, 90% or more of whose voting rights are controlled by the group.

The largest and the smallest group in which the results of the company are consolidated is that headed by Courtaulds Textiles plc, a company registered in England and Wales. Copies of the Courtaulds Textiles plc group accounts can be obtained from:

13/14 Margaret Street
London
W1A 3DA