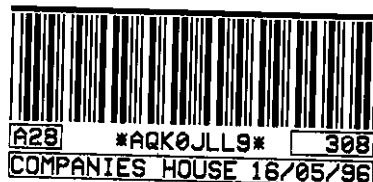


Dickies (UK) Limited
(Formerly Clares Dickies Limited)
Annual report
for the year ended 30 December 1995

Registered no: 1757853



Dickies (UK) Limited

Annual report for the year ended 30 December 1995

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Directors and advisers

Directors

R Chilcott
CD Ford
RS Lefler (USA)
MC Mackey (USA)
BA Tidball (Chairman)
PC Williamson (USA)

Joint secretaries

CD Ford
MC Mackey

Registered office

Second Avenue
Westfield Trading Estate
Midsomer Norton
Bath
Avon
BA3 4BH

Auditors

Coopers & Lybrand
Bull Wharf
Redcliff Street
Bristol
BS1 6QR

Solicitors

Veale Wasbrough
Orchard Court
Orchard Lane
Bristol
BS1 5DS

Bankers

Midland Bank Plc
Cote House
PO Box 432
The Promenade
Clifton
Bristol
BS99 7BZ

**Directors' report
for the year ended 30 December 1995**

The directors present their report and the audited financial statements for the year ended 30 December 1995.

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 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, and
- prepare the financial statements 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 financial statements comply with the Companies Act 1985. 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.

Principal activities

The company's principal activity is to design, source, manufacture and distribute a branded range of workwear, leisurewear, foul weatherwear and footwear to distributors and retail end users in both the United Kingdom and Europe.

Review of business and future developments

The directors consider the company to be well placed to continue its growth in trading profits.

Change of company name

On 1 January 1996 the company changed its name from Clares Dickies Limited to Dickies (UK) limited.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend. The profit for the financial year of £392,913 will be transferred to reserves.

Changes in fixed assets

These are detailed in note 8 to the financial statements.

Directors and their interests in shares of the company

The directors, none of whom had a beneficial interest in the share capital of the company, are listed on page 1.

Charitable contributions

During the year the company made charitable donations totalling £2,030 (1994 - £1,497).

By order of the board



Secretary

**Report of the auditors to the members of
Dickies (UK) Limited (formerly Clares Dickies
Limited)**

We have audited the financial statements on pages 5 to 18.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 affairs of the company at 30 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Copas Lund

Chartered Accountants and Registered Auditors

Bristol 2 April 1996

**Profit and loss account
for the year ended 30 December 1995**

	Notes	1995 £	1994 £
Turnover		18,145,018	16,917,557
Cost of sales		14,065,148	13,043,530
Gross profit		4,079,870	3,874,027
Other operating expenses excluding exchange (losses)	2	(3,163,628)	(3,280,650)
Exchange (losses)/gains		(55,995)	147,436
Operating profit		860,247	740,813
Interest receivable		1,032	4,650
Interest payable and similar charges	5	(6,480)	(6,114)
Profit on ordinary activities before taxation	6	854,799	739,349
Taxation	7	(461,886)	(70,426)
Profit on ordinary activities after taxation		392,913	668,923
Retained profit for the year	17	392,913	668,923

All of the company's turnover and profit was generated from continuing activities. There were no gains and losses other than those accounted for in the profit and loss account.

Note of historical cost profits and losses	1995 £	1994 £
Reported profit on ordinary activities before taxation	854,799	739,349
Difference between historical cost depreciation charge and actual charge on revalued amount of fixed assets	16,200	16,200
Historical cost profit on ordinary activities before taxation	870,999	755,549
Historical cost profit for the year	376,713	685,123

Balance sheet at 30 December 1995

	Notes	1995 £	1994 £
Fixed assets			
Tangible assets	8	1,888,041	1,925,030
Investments	9	-	-
		<u>1,888,041</u>	<u>1,925,030</u>
Current assets			
Stocks	10	4,853,839	5,822,076
Debtors	11	3,922,324	3,774,846
Cash at bank and in hand		386,693	1,315,998
		<u>9,162,856</u>	<u>10,912,920</u>
Creditors: amounts falling due within one year	12	<u>6,054,570</u>	<u>8,211,778</u>
Net current assets		<u>3,108,286</u>	<u>2,701,142</u>
Total assets less current liabilities		<u>4,996,327</u>	<u>4,626,172</u>
Creditors: amounts falling due after more than one year	13	23,341	40,688
Provisions for liabilities and charges	14	-	5,411
		<u>23,341</u>	<u>46,099</u>
Net assets		<u>4,972,986</u>	<u>4,580,073</u>
Capital and reserves			
Called-up share capital	16	88,250	88,250
Revaluation reserve	17	663,706	679,906
Capital redemption reserve	17	11,750	11,750
Profit and loss account	17	4,209,280	3,800,167
Equity shareholders' funds		<u>4,972,986</u>	<u>4,580,073</u>

The financial statements on pages 5 to 18 were approved by the board of directors on 8th March 1996 and were signed on its behalf by:


Director

**Notes to the financial statements
for the year ended 30 December 1995****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The company is exempt from preparing consolidated financial statements under section 228 of the Companies Act 1985, as the company is included in the consolidated financial statements of its parent, Williamson-Dickie Manufacturing Company (UK) Limited. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention, modified by the revaluation of freeholds.

Accounting period

The year ended 30 December 1995 consisted of 52 weeks (1994 53 weeks).

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost, or valuation of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets, as follows:

Freehold buildings	40 years
Plant and machinery	4 to 10 years

Freehold land is not depreciated.

Finance and operating leases

Assets which are the subject of finance leases are dealt with as tangible assets and equivalent liabilities at the cost of outright purchase. Rentals are apportioned between reduction of the liabilities and finance charges calculated on a straight line basis over the primary lease period. Costs in respect of operating leases are charged on a straight line basis over the lease term.

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value as follows;

Raw materials	- purchase cost on a first-in, first-out basis
Work in progress and finished goods	- weighted average purchase cost or cost of direct materials and labour plus attributable overheads, based on normal levels of activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account in the year in which they arise.

Turnover

Turnover represents invoiced sales of goods and services net of returns excluding value added tax.

Deferred taxation

Provision for deferred taxation is made on the liability method on all timing differences, to the extent that they are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

Pension costs

The cost of providing benefits under the company's pension scheme is charged over the remaining working lives of the members.

2 Other operating expenses

	1995 £	1994 £
Distribution costs	754,489	727,772
Administrative expenses:		
Parent company royalties	75,000	223,642
Group company handling charge	237,359	213,081
Other	2,338,714	2,268,882
	<u>3,405,562</u>	<u>3,433,377</u>
Less: other operating income	(241,934)	(152,727)
	<u><u>3,163,628</u></u>	<u><u>3,280,650</u></u>

3 Directors' emoluments

The remuneration paid to the directors of Dickies (UK) Limited was:

	1995 £	1994 £
Fees	-	-
Other emoluments (including pension contributions and benefits in kind)	230,916	212,191
	<u><u>230,916</u></u>	<u><u>212,191</u></u>

Fees and other emoluments (excluding pension contributions) include amounts paid to:

	1995	1994
The chairman	<u><u>£57,195</u></u>	<u><u>£57,587</u></u>
The highest paid director	<u><u>£71,425</u></u>	<u><u>£64,822</u></u>

The number of directors (including the chairman and the highest-paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	1995 Number	1994 Number
£0 to £5,000	3	4
£55,001 to £60,000	1	2
£60,001 to £65,000	1	1
£70,001 to £75,000	1	-

4 Employee information

The average weekly number of persons (including executive directors) employed during the year was:

	1995 Number	1994 Number
Office & management	40	40
Manufacturing	120	136
Selling & distribution	52	46
	<u>212</u>	<u>222</u>

	1995 £	1994 £
Staff costs (for the above persons):		
Wages and salaries	2,137,060	2,190,459
Social security costs	162,687	174,768
Other pension costs (see note 15)	63,518	80,658
	<u>2,363,265</u>	<u>2,445,885</u>

5 Interest payable and similar charges

	1995 £	1994 £
On bank loans, overdrafts and other loans:		
Repayable within 5 years, not by instalments	-	24
On finance leases and hire purchase contracts	6,480	6,090
	<u>6,480</u>	<u>6,114</u>

6 Profit on ordinary activities before taxation

	1995	1994
	£	£
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Auditors' remuneration: - in respect of audit of the company	30,000	23,000
- non audit remuneration	11,540	16,080
Hire of plant and machinery - operating leases	127,049	131,335
Hire of other assets - operating leases	42,925	36,000
Loss on disposal of fixed assets	188	651
Depreciation charge for the year:		
Tangible owned fixed assets	206,240	168,321
Tangible assets held under finance leases	24,394	23,498
Exchange losses/(gains) on foreign currency borrowings	134,145	(152,525)
	<u> </u>	<u> </u>

7 Taxation

	1995	1994
	£	£
United Kingdom corporation tax at 33% (1994 - 33%):		
Current	402,297	169,720
Deferred	(5,411)	(10,368)
Under/(over)-provision in respect of prior years:		
Current	65,000	(22,653)
Deferred	-	(66,273)
	<u> </u>	<u> </u>
	<u>461,886</u>	<u>70,426</u>

8 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Total £
Cost or valuation			
At 31 December 1994	1,585,000	1,374,757	2,959,757
Additions	-	197,103	197,103
Disposals	-	(57,895)	(57,895)
At 30 December 1995	1,585,000	1,513,965	3,098,965
Depreciation			
At 31 December 1994	174,845	859,882	1,034,727
Charge for year	33,625	197,009	230,634
Eliminated in respect of disposals	-	(54,437)	(54,437)
At 30 December 1995	208,470	1,002,454	1,210,924
Net book value			
At 30 December 1995	1,376,530	511,511	1,888,041
At 31 December 1994	1,410,155	514,875	1,925,030

The net book value of tangible fixed assets includes an amount of £60,813 (1994: £80,725) in respect of assets held under finance leases and hire purchase contracts.

If freehold land and buildings at Midsomer Norton had not been revalued in October 1989 they would have been included at the following amounts:

	1995 £	1994 £
Cost	879,865	879,865
Aggregate depreciation based on cost	176,324	158,904

Depreciation has not been charged on freehold land, which is stated at its revalued amount of £240,000 (1994: £240,000).

9 Investments

Interests in group undertakings

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held
Clares Mail Order Limited	England	Ordinary	100%
Clares Limited	England	Ordinary	100%

These companies are dormant within the meaning of section 250 of the Companies Act 1985. In each case, their aggregate capital and reserves at 31 December 1994 was £2. The company's investments in these subsidiaries were both £nil at 30 December 1995 and 31 December 1994.

10 Stocks

	1995 £	1994 £
Raw materials and consumables	300,245	408,144
Work in progress	110,927	106,693
Finished goods and goods for resale	4,442,667	5,307,239
	<u>4,853,839</u>	<u>5,822,076</u>

11 Debtors

	1995 £	1994 £
Trade debtors	3,700,561	3,565,244
Amounts owed by group undertakings	-	10,498
Other debtors	3,500	10,300
Prepayments and accrued income	218,263	188,804
	<u>3,922,324</u>	<u>3,774,846</u>

12 Creditors: amounts falling due within one year

	1995 £	1994 £
Bank overdraft (secured - note 20)	3,080	1,435,599
Obligations under hire purchase contracts and finance leases	19,887	18,617
Trade creditors	792,626	955,169
Amounts owed to group undertakings	4,381,508	5,116,516
Current corporation tax	110,000	-
Other taxation and social security payable	179,979	194,798
Other creditors and accruals	567,490	491,079
	<u>6,054,570</u>	<u>8,211,778</u>

13 Creditors: amounts falling due after more than one year

	1995 £	1994 £
Obligations under hire purchase contracts and finance leases within 5 years	23,341	40,688
	<u>23,341</u>	<u>40,688</u>

14 Provisions for liabilities and charges

Deferred taxation

Deferred taxation provided in the financial statements, and the amount unprovided of the total potential liability, are as follows:

	Amount provided		Amount unprovided	
	1995	1994	1995	1994
	£	£	£	£
Tax effect of timing differences:				
Excess of tax allowances over depreciation	26,836	17,357	-	-
Capital gains rolled over	-	-	161,425	161,425
Revaluation of land and buildings	-	-	6,800	31,851
Other	(26,836)	(11,946)	(100,692)	-
	<u>-</u>	<u>5,411</u>	<u>67,533</u>	<u>193,276</u>

No provision has been made for the additional taxation that would accrue if the land and buildings were disposed of at their revalued amounts.

15 Pension and similar obligations

The company participates in a pension scheme which is fully insured with Scottish Widows' Fund and Life Assurance Society providing benefits based on final pensionable salary. The assets of the Scheme are held separately from those of the company.

The total pension cost for the company was £63,518 (1994: £80,658). The pension cost is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The assumptions that have the most significant effect on the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 9% per annum and that present and future pensions would increase at the rate of 7% per annum.

At the actuarial valuation on 6 April 1995, the market value of the assets of the scheme was £716,000 and the actuarial value of the assets was sufficient to cover 89.8% of the benefits which had accrued to members, after allowing for expected future increases in earnings. In order to eliminate the deficit in the scheme, the contribution rate to this scheme will increase from 15.8% to 19.9% for a period of 3 years from 6 April 1996, on the recommendation of the actuary. The employee share of the contribution remains unchanged at 6.5%.

16 Called-up share capital

	1995 £	1994 £
Authorised		
Ordinary shares of £1 each	200,000	166,250
'A' Ordinary shares of £1 each	-	33,750
	<u>200,000</u>	<u>200,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	88,250	54,500
'A' Ordinary shares of £1 each	-	33,750
	<u>88,250</u>	<u>88,250</u>

At 30 December 1995, the rights attaching to each class of share were set out in the Articles of Association, last revised in 1989, and reflect financing arrangements made a number of years ago. The articles were revised in July 1995, and the 'A' ordinary shares were converted to ordinary shares.

Prior to changing the Articles, each class of share had a right to cumulative preferential dividends, with the ordinary share taking priority over the 'A' ordinary shares. On winding up, the 'A' ordinary shares would have taken preference. The 'A' ordinary shares were convertible into ordinary shares.

Following the change in articles, the ordinary shares have no right to dividends other than those that may be recommended by the directors.

17 Reserves

	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total £
At 31 December 1994	679,906	11,750	3,800,167	4,491,023
Retained profit for the year	-	-	392,913	392,913
Transfer to profit and loss account	(16,200)	-	16,200	-
At 30 December 1995	<u>663,706</u>	<u>11,750</u>	<u>4,209,280</u>	<u>4,884,736</u>

18 Reconciliation of movements in shareholders' funds

	1995 £	1994 £
Opening shareholders' funds	4,580,073	3,911,150
Retained profit for the year	392,913	668,923
Closing shareholders' funds	<u>4,972,986</u>	<u>4,580,073</u>

19 Cash flow statement

The accounts do not include a cash flow statement because the company is a subsidiary undertaking of Williamson Dickie Manufacturing Company Limited which has included a consolidated cashflow statement in its 1995 accounts, prepared in accordance with Financial Reporting Standard 1.

20 Capital commitments

	1995 £	1994 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	-	41,850

21 Financial commitments

At 30 December 1995 the company had annual commitments under non-cancellable operating leases as follows:

	1995		1994	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring within one year	6,925	11,955	-	18,411
Expiring between two and five years inclusive	21,000	96,064	36,000	65,475
Expiring in over five years	-	-	-	-
	<u>27,925</u>	<u>108,019</u>	<u>36,000</u>	<u>83,886</u>

An unlimited multilateral guarantee in respect of bank borrowings has been given by members of the Williamson-Dickie Manufacturing Company (UK) Limited group which includes Dickies (UK) Limited. As part of this arrangement the bank has a first legal charge over the freehold of the company, a first charge over book debts and a floating charge over all assets of the company.

22 Post balance sheet event

On the 8 January 1996, Dickies (UK) Limited took out a £2,450,000 bank loan repayable over 5 years. The loan was previously held by the parent company Williamson Dickie Manufacturing Company Limited.

23 Ultimate and immediate parent companies

The directors regard Williamson-Dickie Manufacturing Company, a company registered in the United States of America, as the ultimate parent company. Williamson-Dickie Manufacturing Company (UK) Limited, a company registered in England and Wales, the immediate parent, is the only United Kingdom registered entity in the group which produces consolidated financial statements. A copy of the consolidated financial statements may be obtained from the registered office.