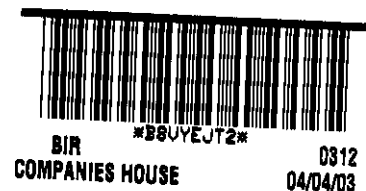


# **Claremont Garments Limited**

## **Report and Accounts**

**30 June 2002**

**Registered number 2429682**



**Claremont Garments Limited**  
**Company Information**

**DIRECTORS**

H J Rubenstein  
J R Wilson (resigned 14 June 2002)  
M Ellis (appointed 12 June 2002)  
H B Duffy (resigned 30 June 2002)  
E Poleg (appointed 12 July 2002)

**SECRETARY AND REGISTERED OFFICE**

H J Rubenstein  
225 Bath Road  
Slough  
Berkshire  
SL1 4AU

**AUDITORS**

PricewaterhouseCoopers LLP  
Donington Court  
Pegasus Business Park  
Castle Donington  
East Midlands  
DE74 2UZ

**Claremont Garments Limited**  
**Directors' Report**

The directors present their report and audited accounts for the year ended 30 June 2002.

**Principal activities and review of the business**

With effect from the 30 June 2000 the company's trade was transferred at book value to Courtaulds Textiles (Holdings) Limited, a fellow subsidiary of the Sara Lee group.

**Results and dividends**

The result for the year was £nil (2001: loss of £13,989,000 transferred from reserves). The directors do not recommend the payment of a dividend (2001: £nil).

**Directors**

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

As at the balance sheet date, no director held any beneficial interest in the company.

**Auditors**

During the period, Arthur Andersen resigned as auditors of the company and PricewaterhouseCoopers were appointed to fill the casual vacancy arising. Subsequent to their appointment PricewaterhouseCoopers resigned and PricewaterhouseCoopers LLP were appointed to fill the casual vacancy. A resolution proposing the re-appointment of PricewaterhouseCoopers LLP will be made at the next annual general meeting.



**On behalf of the board**

M Ellis  
Director

31 March 2003

**Claremont Garments Limited**  
**Statement of Directors' Responsibilities**

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 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 judgements 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 company and to prevent and detect fraud and other irregularities.

**Going Concern**

The directors are satisfied the company has adequate resources to continue to operate for the foreseeable future and have adopted the going concern basis in preparing the accounts.

**On behalf of the board**

M Ellis  
Director

31 March 2003

**Claremont Garments Limited**  
**Auditors' Report**

**Independent auditor's report to the members of Claremont Garments Limited**

We have audited the financial statements on pages 5 to 12. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 financial statements.


**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 at 30 June 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
East Midlands  
31 March 2003

**Claremont Garments Limited**  
**Balance Sheet**  
**As at 30 June 2002**

	Notes	2002 £000	2001 £000
<b>Fixed assets</b>			
Investments	9	4,231	4,231
<b>Current assets: debtors</b>	10	21	9,508
<b>Creditors: amounts falling due within one year</b>	11	(39,914)	(49,401)
<b>Net current liabilities</b>		<u>(39,893)</u>	<u>(39,893)</u>
<b>Net liabilities</b>		<u>(35,662)</u>	<u>(35,662)</u>
<b>Capital and reserves</b>			
Called up share capital	12	-	-
Profit and loss account	13	(35,662)	(35,662)
<b>Equity shareholders' deficits</b>	14	<u>(35,662)</u>	<u>(35,662)</u>

The accounts on pages 5 to 12 were approved by the board of directors on 31 March 2003 and signed on its behalf by :

M Ellis  
Director

The accompanying notes are an integral part of this balance sheet.

**Claremont Garments Limited**  
**Profit and Loss Account**  
**For the year ended 30 June 2002**

		<b>Year ended 30 June 2002 £000</b>	<b>18 months ended 30 June 2001 £000</b>
<b>Turnover</b>	2	-	31,680
<b>Cost of sales</b>	2	-	(26,125)
<b>Gross profit</b>		-	5,555
Net operating expenses	2	-	(3,785)
Other operating income	2	-	13
<b>Operating profit</b>	3	-	1,783
<b>Exceptional items</b>	4	-	(15,766)
Net interest payable	7	-	(6)
<b>Loss on ordinary activities before taxation</b>		-	(13,989)
Taxation	8	-	-
<b>Loss for the period</b>	13	-	(13,989)

The accompanying notes are an integral part of this profit and loss account.

All of the above results have arisen from discontinued operations.

There were no recognised gains or losses other than the result for the period shown above.

**Claremont Garments Limited**  
**Notes to the Accounts**  
**For the year ended 30 June 2002**

**1 Accounting policies**

**Basis of preparation**

The directors of Courtaulds Textiles (Holdings) Limited have confirmed their intention to provide continuing support to the operations of this company for a period of at least twelve months from the date of the approval of these accounts. 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. FRS 18 'Accounting Policies' has been applied in the financial statements for the current year. This has not resulted in any changes in accounting policies. The company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts.

**Change in accounting policy - Deferred Taxation**

FRS 19 'Deferred Taxation' has been adopted for the first time by the company in the year ended 30 June 2002. In previous years the company complied with Statement of Standard Accounting Practice 15 'Deferred Taxation' which has now been superseded by the introduction of FRS 19, which requires a form of full provisioning (see taxation policy note). There has been no effect of the implementation of FRS 19 on reported results.

**Investments held as fixed assets**

Provision is made for any diminution of value of the investments in subsidiary undertakings only where it is considered by the directors to be permanent.

**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.

**Stock valuation**

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

**Taxation**

Corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided on timing differences, arising from the different treatment for financial statements and taxation purposes of events and transactions recognised in the financial statements of the current and previous years. Deferred taxation is calculated at the rates at which it is estimated that it will arise. Deferred taxation balances are not discounted. Deferred taxation assets are recognised to the extent that it is regarded as more likely than not that there will be suitable taxable profits against which deferred taxation assets can be recovered in future periods.

**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**

Operating lease rentals are charged to the profit and loss account as incurred.

**Pensions**

Details of the pension schemes operated by the company are provided in note 15. Contributions to defined contribution schemes are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. Contributions to defined benefit schemes are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives within the company.

**Turnover**

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



**Claremont Garments Limited**  
**Notes to the Accounts**  
**For the year ended 30 June 2002**

**2 Analysis of operations**

	Year ended 30 June 2002 £000	18 months ended 30 June 2001 £000
Sales	-	31,680
Cost of sales	-	(26,125)
Gross profit	-	5,555
Distribution costs	-	(1,862)
Administrative expenses	-	(1,923)
Other operating income	-	13
Net operating expenses	-	(3,772)
Operating profit	-	1,783

All operations relate to garments made in the UK.

Turnover by geographic destination:

	Year ended 30 June 2002 £000	18 months ended 30 June 2001 £000
UK	-	28,745
Continental Europe	-	2,217
Rest of world	-	718
	-	31,680

**3 Operating profit**

	Year ended 30 June 2002 £000	18 months ended 30 June 2001 £000
These figures are stated after charging/(crediting):		
Wages and salaries	-	7,946
Social security costs	-	622
Other pension costs	-	71
Depreciation of owned fixed assets	-	464
Loss on sale of fixed assets	-	49
Operating lease rentals - plant and machinery	-	125

Auditors' remuneration during the period has been borne by other group companies.

**Claremont Garments Limited**  
**Notes to the Accounts**  
**For the year ended 30 June 2002**

**4 Exceptional items**

	Year ended 30 June 2002 £000	18 months ended 30 June 2001 £000
Reorganisation and closure costs	-	223
Write down of fixed asset investments	-	15,543
	-	15,766

The reorganisation and closure costs in the prior period relate to the closure of a factory as part of the restructuring programme in the prior year. On review of the investment in subsidiaries in the prior period, the investment in J&J Fashions Limited was found to be significantly impaired. The full amount was provided accordingly. The effect on the tax charge of these exceptional items was £nil.

**5 Directors remuneration**

None of the directors received any emoluments or accrued retirement benefits under defined contribution or defined benefit pension schemes in respect of their services to the company (2001: £nil).

The average number of employees during the period, including the directors was 3 (2001: 2).

**6 Employees**

	Year ended 30 June 2002 No.	18 months ended 30 June 2001 No.
Average number of employees during the period		
Production	-	404
Administration	-	147
	-	551

**7 Net interest payable**

	Year ended 30 June 2002 £000	18 months ended 30 June 2001 £000
Interest payable - finance leases	-	6

**Claremont Garments Limited**  
**Notes to the Accounts**  
**For the year ended 30 June 2002**

**8 Taxation**

There is no corporation tax or deferred tax on the result for the year (2001: £nil corporation tax and £nil deferred tax).

Factors affecting the tax credit for the period:

The tax assessed for the period is different to the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Year ended 30 June 2002 £000	18 months ended 30 June 2001 £000
Loss on ordinary activities before taxation	-	(13,989)
Loss on ordinary activities multiplied by standard rate of corporation tax of 30%	-	(4,197)
Effects of:		
Group relief surrendered not paid	-	(179)
Expenses not deductible for tax purposes	-	8
Provisions not tax deductible	-	4,663
Short term timing differences	-	(295)
Current tax credit for the period	-	-

**9 Investments**

	Investments in subsidiary undertakings £000
<b>Cost</b>	
At 30 June 2002 and 30 June 2001	19,774
<b>Provision</b>	
At 30 June 2002 and 30 June 2001	(15,543)
<b>Net book value</b>	
At 30 June 2002 and 30 June 2001	4,231

The company holds the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%	Nature of business
D&H Cohen Limited	Scotland	Ordinary	100	Non-trading
J&J Fashions Limited	England	Ordinary	100	Non-trading
J&J Fashions International Limited	England	Ordinary	100	Non-trading
Taylor Merrymade Limited	England	Ordinary	100	Non-trading
Mainstream Fashions Limited	England	Ordinary	100	Non-trading

**10 Debtors**

	2002 £000	2001 £000
Amounts owed by group undertakings	21	9,508

**Claremont Garments Limited**  
**Notes to the Accounts**  
**For the year ended 30 June 2002**

<b>11 Creditors: amounts falling due within one year</b>			<b>2002</b>	<b>2001</b>
			<b>£000</b>	<b>£000</b>
Amounts owed to group undertakings			<u>39,914</u>	<u>49,401</u>
<b>12 Share capital</b>	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>No.</b>	<b>No.</b>	<b>£</b>	<b>£</b>
<b>Authorised, issued and fully paid</b>				
Ordinary shares of £1 each	100	100	<u>100</u>	<u>100</u>
<b>13 Profit and loss account</b>			<b>2002</b>	<b>2001</b>
			<b>£000</b>	<b>£000</b>
At 1 July 2001			(35,662)	(21,673)
Loss for the period			<u>-</u>	<u>(13,989)</u>
At 30 June 2002			<u>(35,662)</u>	<u>(35,662)</u>
<b>14 Reconciliation of shareholders' deficits</b>			<b>2002</b>	<b>2001</b>
			<b>£000</b>	<b>£000</b>
Loss for the period			-	(13,989)
Opening shareholders' deficits			<u>(35,662)</u>	<u>(21,673)</u>
Closing shareholders' deficits			<u>(35,662)</u>	<u>(35,662)</u>

**15 Pension Commitments**

The previous company employees participated in a defined benefit pension scheme, the Claremont Garments Pension Scheme. As of 1 January 1999 the Claremont Garments Pension Scheme was merged with the Courtaulds Textiles UK Pension Scheme and the scheme assets and liabilities were no longer separately identifiable. The Courtaulds Textiles UK Pension Scheme subsequently merged with the Sara Lee UK Pension Scheme in April 2002, but the assets and liabilities of the Courtaulds section of the new merged scheme are separately identifiable. Details of the Courtaulds section of the Sara Lee UK Pension Scheme are contained within the Courtaulds Textiles (Holdings) Limited accounts for the year ended 30 June 2002. Copies of the accounts for Courtaulds Textiles (Holdings) Limited can be obtained from the Company Secretary at the registered address.

The total pension charge for the period was £nil (2001: £71,000).

**16 Cash flow statement**

As described in note 17, the results of the company are included in the consolidated accounts of Sara Lee Corporation, which are publicly available. These accounts include a consolidated cash flow statement. The company has taken advantage of the exemption set out in FRS 1 Cash Flow Statements ( Revised 1996 ) and has not presented a cash flow statement.

**Claremont Garments Limited**  
**Notes to the Accounts**  
**For the year ended 30 June 2002**

**17 Ultimate parent undertaking**

The company is wholly owned by Claremont Garments (Holdings) Limited, which in turn is a subsidiary undertaking of Sara Lee UK Holdings Plc, registered in England and Wales. At the balance sheet date the ultimate controlling party was Sara Lee Corporation, incorporated in the United States of America.

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 group in which the results of the company are consolidated as at the balance sheet date is that headed by Sara Lee Corporation, a company registered in the United States Of America. The smallest group in which they are consolidated is that headed by Sara Lee UK Holdings Plc, a company registered in England and Wales. Copies of the consolidated accounts of Sara Lee Corporation and Sara Lee UK Holdings Plc can be obtained from:

Sara Lee Corporation:  
Sara Lee Corporation  
Three First National Plaza  
Chicago  
Illinois 60602 4260  
USA

Sara Lee UK Holdings Plc:  
Sara Lee UK Holdings Plc  
225 Bath Road  
Slough  
Berkshire  
SL1 4AU