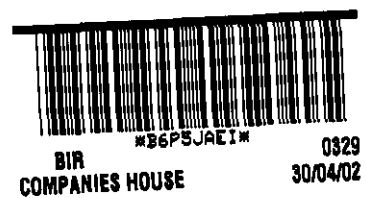


# **Claremont Garments Limited**

## **Report and Accounts**

**For The Eighteen Month Period Ended  
30 June 2001**

**Registered number 2429682**



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

**DIRECTORS**

S K Kelly (resigned 23 February 2000)  
M A Clarke (appointed 23 February 2000; resigned 17 April 2000)  
C T Cattermole (resigned 26 October 2000)  
H J Rubenstein (appointed 26 October 2000)  
R J Thompson (resigned 30 October 2000)  
H B Duffy (appointed 30 October 2000)  
M Pitsillos (resigned 31 October 2000)  
J R Wilson (appointed 1 December 2000)

**SECRETARY AND REGISTERED OFFICE**

H J Rubenstein  
225 Bath Road  
Slough  
Berkshire  
SL1 4AU

**AUDITORS**

Arthur Andersen  
Four Brindleyplace  
Birmingham  
B1 2HZ

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

The directors present their report and audited accounts for the eighteen month period ended 30 June 2001.

**Principal activities and review of the business**

During the period the company's ultimate parent company was acquired by Sara Lee Acquisitions Limited.

The company's principal activity during the period to 30 June 2000 was the design, manufacture and supply of garments for sale almost exclusively to Marks and Spencer Plc. 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 retained loss for the period of £13,989,000 (1999: profit £1,503,000) has been transferred to reserves. The directors do not recommend the payment of a dividend (1999: £nil).

**Directors**

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

As at the balance sheet date, the directors had no interests required to be disclosed under Schedule 7 of the Companies Act 1985.

**Employees**

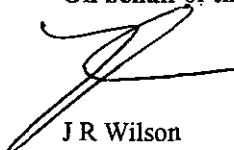
The company's objective is to employ appropriately skilled people and provide them with an employment environment in which they can maximise their contribution to the business. It continues to place considerable importance at all levels on training and development with particular focus on supporting its increasingly global operations.

Employees are encouraged to develop their careers across the group and are offered challenging, international employment opportunities. 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.

**Auditors**

During the period, PricewaterhouseCoopers resigned as auditors of the company and Arthur Andersen were appointed to fill the casual vacancy arising. A resolution confirming their appointment will be proposed at the annual general meeting.

**On behalf of the board**



J R Wilson  
Director

26 April 2002

**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. After making enquiries, the directors consider that in preparing the accounts on pages 5 to 14, 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 required to prepare the accounts on a going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**Independent Auditors' Report to the Shareholders of Claremont Garments Limited**

We have audited the financial statements on pages 5 to 14. 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 law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of opinion**

We conducted our audit in accordance with United Kingdom 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 circumstances of the company, 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 June 2001 and of the company's loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen  
Chartered Accountants and Registered Auditors

Four Brindleyplace  
Birmingham  
B1 2HZ  
26 April 2002

**Claremont Garments Limited**  
**Profit and Loss Account**  
**For the period ended 30 June 2001**

	Notes	18 months ended 30 June 2001 £000	Year ended 31 December 1999 £000
Turnover	2	31,680	72,614
Cost of sales	2	(26,125)	(61,597)
<b>Gross profit</b>		<u>5,555</u>	<u>11,017</u>
Net operating expenses	2	(3,785)	(8,437)
Other operating income	2	13	14
<b>Operating profit</b>	2, 3	<u>1,783</u>	<u>2,594</u>
<b>Non-operating exceptional items</b>	4	(15,766)	(1,691)
		<u>(13,983)</u>	<u>903</u>
Net interest payable	6	(6)	(28)
<b>(Loss)/profit before taxation</b>		<u>(13,989)</u>	<u>875</u>
Taxation	7	-	628
<b>Retained (loss)/profit for the period</b>	18	<u>(13,989)</u>	<u>1,503</u>

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

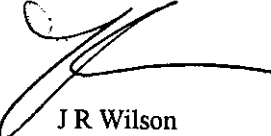
All of the above results have arisen from discontinued operations.

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

**Claremont Garments Limited**  
**Balance Sheet**  
**As at 30 June 2001**

	Notes	30 June 2001 £000	31 December 1999 £000
<b>Fixed assets</b>			
Tangible assets	9	-	8,600
Investments	10	4,231	19,774
		<u>4,231</u>	<u>28,374</u>
<b>Current assets</b>			
Stocks	11	-	10,607
Debtors	12	9,508	5,447
Cash at bank and in hand		-	5
		<u>9,508</u>	<u>16,059</u>
<b>Creditors: amounts falling due within one year</b>	13	(49,401)	(63,021)
<b>Net current liabilities</b>		<u>(39,893)</u>	<u>(46,962)</u>
<b>Total assets less current liabilities</b>		<u>(35,662)</u>	<u>(18,588)</u>
<b>Creditors: amounts falling due after more than one year</b>	14	-	(406)
<b>Provisions for liabilities and charges</b>	16	-	(2,679)
		<u>(35,662)</u>	<u>(21,673)</u>
<b>Capital and reserves - equity</b>			
Called up share capital	17	-	-
Profit and loss account	18	(35,662)	(21,673)
<b>Shareholders' deficits</b>	19	<u>(35,662)</u>	<u>(21,673)</u>

The accounts on pages 5 to 14 were approved by the board of directors on 26 April 2002 and signed on its behalf by :

  
J R Wilson  
Director

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

**Claremont Garments Limited**  
**Notes to the Accounts**  
**For the period ended 30 June 2001**

**1 Accounting policies**

**Basis of preparation**

The directors of the parent company, Claremont Garments (Holdings) Limited (formerly 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. The company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts.

**Investments held as fixed assets**

Investments in subsidiary undertakings are shown at cost less provision for impairment.

**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. Freehold land is not depreciated. Provision is made for any impairment.

**Stock valuation**

Stocks are valued at the lower of cost and net realisable value. Cost includes factory overheads. Provision is made for any obsolete, slow-moving or defective items where appropriate.

**Taxation**

UK 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 only in respect of timing differences between profit as computed for taxation purposes and profit 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**

Details of the pension schemes operated by the company are provided in note 21. 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 period ended 30 June 2001**

**2 Analysis of operations**

	18 months ended 30 June 2001 £000	Year ended 31 December 1999 £000
Sales	31,680	72,614
Cost of sales	(26,125)	(61,597)
Gross profit	5,555	11,017
Distribution costs	(1,862)	(2,447)
Administrative expenses	(1,923)	(5,990)
Other operating income	13	14
Net operating expenses	(3,772)	(8,423)
Operating profit	1,783	2,594

All operations relate to garments made in the UK.

Turnover by geographic destination:

	18 months ended 30 June 2001 £000	Year ended 31 December 1999 £000
UK	28,745	65,247
Continental Europe	2,217	5,156
Rest of world	718	2,211
	31,680	72,614

**3 Operating profit**

	18 months ended 30 June 2001 £000	Year ended 31 December 1999 £000
These figures are stated after charging:		
Wages and salaries	7,946	16,918
Social security costs	622	1,300
Other pension costs	71	367
Depreciation of owned fixed assets	464	1,133
Depreciation of assets held under finance leases	-	16
Loss on sale of fixed assets	49	175
Operating lease rentals - plant and machinery	125	344
Operating lease rentals - other	-	52
Auditors' remuneration	-	14

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

**Claremont Garments Limited**  
**Notes to the Accounts**  
**For the period ended 30 June 2001**

<b>4 Non-operating exceptional items</b>	<b>18 months ended 30 June 2001 £000</b>	<b>Year ended 31 December 1999 £000</b>
Reorganisation and closure costs	223	1,691
Write down of investments	15,543	-
	<u>15,766</u>	<u>1,691</u>

The reorganisation and closure costs relate to the closure of a factory as part of the restructuring programme referred to in note 16. On review of the investment in subsidiaries, the investment in J & J Fashions Limited was found to be significantly impaired. The full amount has been provided accordingly. The effect on the tax charge of these exceptional items is £nil (1999: £nil).

<b>5 Employees</b>	<b>18 months ended 30 June 2001 No.</b>	<b>Year ended 31 December 1999 No.</b>
Average number of employees during the period:		
Production	404	1,262
Administration	147	459
	<u>551</u>	<u>1,721</u>

<b>6 Net interest payable</b>	<b>18 months ended 30 June 2001 £000</b>	<b>Year ended 31 December 1999 £000</b>
Interest payable - finance leases	6	30
Interest receivable	-	(2)
	<u>6</u>	<u>28</u>

<b>7 Taxation</b>	<b>18 months ended 30 June 2001 £000</b>	<b>Year ended 31 December 1999 £000</b>
UK corporation tax at 30.00% (1999: 30.25%)	-	(158)
Advanced corporation tax written off	-	(273)
Deferred taxation	-	(197)
	<u>-</u>	<u>(628)</u>

The taxation credit relating to exceptional items is £nil (1999 : £nil).

**Claremont Garments Limited**  
**Notes to the Accounts**  
**For the period ended 30 June 2001**

**8 Transfer of trade**

**Total**  
**£000**

On 30 June 2000 the trade and assets of the company were transferred to Courtaulds Textiles (Holdings) Limited at the following amounts:

Fixed assets	7,837
Current assets	19,468
Creditors due within one year	(11,790)
Creditors due in more than one year	(386)
Provisions for liabilities and charges	(2,159)
Net amount transferred	<u>12,970</u>

**9 Tangible fixed assets**

	<b>Land and buildings £000</b>	<b>Plant and machinery £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 January 2000	4,525	17,463	21,988
Additions	-	272	272
Disposals	(4,525)	(17,735)	(22,260)
At 30 June 2001	<u>-</u>	<u>-</u>	<u>-</u>
<b>Depreciation</b>			
At 1 January 2000	59	13,329	13,388
Charge for the period	23	468	491
Disposals	(82)	(13,797)	(13,879)
At 30 June 2001	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value</b>			
At 30 June 2001	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 1999	<u>4,466</u>	<u>4,134</u>	<u>8,600</u>

Plant and machinery held under finance leases:

	<b>30 June 2001 £000</b>	<b>31 December 1999 £000</b>
Cost	-	848
Accumulated depreciation	-	(848)
Net book value	<u>-</u>	<u>-</u>

The net book value of land and buildings comprises:

	<b>30 June 2001 £000</b>	<b>31 December 1999 £000</b>
Freehold	-	3,573
Long leasehold	-	893
	<u>-</u>	<u>4,466</u>

Freehold land is not depreciated.

**Claremont Garments Limited**  
**Notes to the Accounts**  
**For the period ended 30 June 2001**

**10 Investments**

	<b>Investments in subsidiary undertakings £000</b>
<b>Cost</b>	
At 30 June 2001 and 31 December 1999	<u>19,774</u>
<b>Provision</b>	
At 31 December 1999	-
Movement in the period	<u>(15,543)</u>
At 30 June 2001	<u>(15,543)</u>
At 30 June 2001	<u>4,231</u>
At 31 December 1999	<u>19,774</u>

The company holds the share capital of the following companies:

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

**11 Stocks**

	<b>30 June 2001 £000</b>	<b>31 December 1999 £000</b>
Raw materials and consumables	-	3,526
Work in progress	-	2,899
Finished goods and goods for resale	<u>-</u>	<u>4,182</u>
	<u>-</u>	<u>10,607</u>

**12 Debtors**

	<b>30 June 2001 £000</b>	<b>31 December 1999 £000</b>
Trade debtors	-	1,458
Amounts owed by group undertakings	9,508	3,099
Other debtors	-	362
Corporation tax	-	273
Prepayments and accrued income	<u>-</u>	<u>255</u>
	<u>9,508</u>	<u>5,447</u>

**Claremont Garments Limited**  
**Notes to the Accounts**  
**For the period ended 30 June 2001**

<b>13 Creditors: amounts falling due within one year</b>	<b>30 June 2001 £000</b>	<b>31 December 1999 £000</b>
Finance leases	-	64
Trade creditors	-	6,874
Amounts owed to group undertakings	49,401	49,261
Other taxes and social security costs	-	3,240
Other creditors	-	1,426
Accruals and deferred income	-	2,156
	<u>49,401</u>	<u>63,021</u>

Included within accruals is £nil (1999: £1,352,000) in respect of pension contributions charged to the profit and loss account in advance of their being payable to the pension scheme.

<b>14 Creditors: amounts falling due after one year</b>	<b>30 June 2001 £000</b>	<b>31 December 1999 £000</b>
Finance leases	<u>-</u>	<u>406</u>

<b>15 Obligations under finance leases and hire purchase</b>	<b>30 June 2001 £000</b>	<b>31 December 1999 £000</b>
<b>Contracts</b>		
Amounts payable:		
Within one year	-	64
Within two to five years	-	78
After five years	-	328
	<u>-</u>	<u>470</u>

<b>16 Provisions for liabilities and charges</b>	<b>Restructuring Provision £000</b>
At 1 January 2000	2,679
Charged to the profit and loss account	223
Utilised during the period	(743)
Group transfers	(2,159)
At 30 June 2001	<u>-</u>

The restructuring provision relates to the closure of factories following the acquisition of the Claremont Group by Courtaulds Textiles Plc (now Courtaulds Textiles Limited) in 1998.

**Claremont Garments Limited**  
**Notes to the Accounts**  
**For the period ended 30 June 2001**

**16 Provisions for liabilities and charges (continued)**

No potential deferred taxation liability arising from an excess of capital allowances claimed over depreciation charged has been included in these accounts as there are no fixed assets at the period end.

<b>17 Share capital</b>	<b>30 June 2001 No.</b>	<b>31 December 1999 No.</b>	<b>30 June 2001 £</b>	<b>31 December 1999 £</b>
<b>Authorised, issued and fully paid</b>				
Ordinary shares of £1 each	100	100	<u>100</u>	<u>100</u>

<b>18 Reserves</b>	<b>Profit and loss account £000</b>
At 1 January 2000	(21,673)
Retained loss for the period	<u>(13,989)</u>
At 30 June 2001	<u>(35,662)</u>

**19 Reconciliation of shareholders' deficits**

	<b>30 June 2001 £000</b>	<b>31 December 1999 £000</b>
Retained (loss) / profit for the period	(13,989)	1,503
Opening shareholders' deficits	<u>(21,673)</u>	<u>(23,176)</u>
Closing shareholders' deficits	<u>(35,662)</u>	<u>(21,673)</u>

**20 Capital commitments**

	<b>30 June 2001 £000</b>	<b>31 December 1999 £000</b>
Amounts contracted for but not provided	<u>-</u>	<u>185</u>

**21 Pension commitments**

As of 1 January 1999 the scheme was merged with the Courtaulds Textiles UK Pension Scheme, details of which are contained within the Sara Lee UK Holdings Plc group accounts for the year ended 30 June 2001.

The total pension charge for the period was £nil (1999: £367,000).

**Claremont Garments Limited**  
**Notes to the Accounts**  
**For the period ended 30 June 2001**

**22 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	
	30 June	31 December	30 June	31 December
	2001	1999	2001	1999
	£000	£000	£000	£000
Operating leases which expire:				
within one year	-	45	-	160
within two to five years	-	45	-	198
in over five years	-	381	-	-
	-	471	-	358

**23 Cash flow statement**

As described in note 24, 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.

**24 Ultimate parent undertaking**

The company is wholly owned by Claremont Garments (Holdings) Limited (formerly Claremont Garments (Holdings) Plc), 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:

225 Bath Road  
 Slough  
 Berkshire  
 SL1 4AU

**25 Prior Year Comparatives**

The 1999 figures relate to the period 1 January 1999 to 31 December 1999 and are shown for comparative purposes only. They were audited by a firm of chartered accountants other than Arthur Andersen.