C. & J. CLARK INTERNATIONAL LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31ST JANUARY 2002

Company Registration No: 141015



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C. & J. CLARK INTERNATIONAL LIMITED

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C. & J. CLARK INTERNATIONAL LIMITED

Company information

Directors	R A Pedder T C Parker P Bolliger R P Beacham
Secretary	J E Derbyshire
Company number	141015
Auditors	KPMG Chartered Accountants and Registered Auditors Bristol

C. & J. CLARK INTERNATIONAL LIMITED

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31st January 2002.

Business review
The principal activity of the company during the year was shoe retailing and manufacturing. Further details of the operations and the trading results for the year are set out on pages 7 to 23. The retained profit for the year was £1,454,000 after dividends paid and proposed of £29,305,000.

Directors and directors' interests
The directors who held office during the year were:

R A Pedder
T C Parker
P Bolliger
R P Beacham (appointed 28th June 2001)
M McMenemy (resigned 28th March 2001)

No director has any interest in the shares of the company.

All the directors are also directors of C. & J. Clark Limited, the ultimate parent company of C. & J. Clark International Limited, and their interests in the share capital of C. & J. Clark Limited are shown in that company's accounts.

Employees
The Board believes that the principle of equality of treatment and opportunity is of fundamental importance. Its long held aim is to provide just and fair treatment for all employees. In accordance with this policy, the only personal attributes that will be taken into account in making decisions about employees are those which relate directly to actual or potential performance.

Throughout the company, procedures for consultation with, and involvement of, employees are in operation, as appropriate to the circumstances of the individual businesses. Information on matters of concern to employees is given through a variety of presentations, briefings, bulletins and reports.

The environment
The company recognises that care and concern for the environment and the community is a fundamental part of the company's strategy. It is the company's intention to strive continuously to minimise any adverse environmental impact of business activities, to comply with all relevant environmental legislation and to promote a caring attitude to the environment amongst its employees.

C. & J. CLARK INTERNATIONAL LIMITED

Directors' report (continued)

Donations
Donations for charitable purposes made during the year amounted to £45,429 (2001 - £29,000)
No donations were made for political purposes.

Creditor payment policy
The company's policy is to use standard payment terms, payment being at the end of the month following the invoice date, except for goods for resale which are generally 30 days.

For all trade creditors it is the company's policy to:

- settle terms of payment with suppliers
- ensure that suppliers are aware of the terms of payment
- make every effort to meet agreed payment dates provided that the agreed terms and conditions have been met by the suppliers

The number of days purchases outstanding at the year end were 80 days (2001 - 66) days.

Auditors
In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

J E Derbyshire
Company Secretary

40 High Street
Street
Somerset
BA16 0YA

Date: 8th April 2002

C. & J. CLARK INTERNATIONAL LIMITED

Statement of 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 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 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 have 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.

C. & J. CLARK INTERNATIONAL LIMITED

Independent auditors' report to the members of C. & J. Clark International Limited

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We have audited the financial statements on pages 7 to 23.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 5, 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 examinations 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 as at 31st January 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG
Chartered Accountants
Registered Auditors
Bristol

Date: 8th April 2002

C. & J. CLARK INTERNATIONAL LIMITED

Profit and loss account
for the year ended 31st January 2002

	Notes	2002 £'000	2001 £'000
Turnover	2	648,100	631,608
Costs less other income		(604,866)	(601,676)
Operating profit	3	43,234	29,932
Profits on disposals of fixed assets	4	3,669	1,896
Profit on ordinary activities before interest		46,903	31,828
Net interest payable	5	(1,089)	(710)
Profit on ordinary activities before taxation		45,814	31,118
Taxation on profit on ordinary activities	6	(15,055)	(10,505)
Profit on ordinary activities after taxation		30,759	20,613
Dividends paid and proposed	7	(29,305)	(20,183)
Retained profit for the year	17	1,454	430

The turnover and operating profit of the company derive wholly from continuing activities.

There were no recognised gains or losses other than the profit for the year.

The notes on pages 10 to 23 form part of the financial statements.

C. & J. CLARK INTERNATIONAL LIMITED

Balance sheet as at 31st January 2002

	Notes	2002 £'000	2002 £'000	2001 £'000	2001 £'000
Fixed assets					
Tangible assets	8	82,370		89,243	
Investments	9	327		45	
			82,697		89,288
Current assets					
Stocks	10	132,824		119,612	
Debtors:					
Amounts falling due within one year	11	45,183		58,504	
Amounts falling due after more than one year	11	19,261		-	
Cash at bank and in hand		9,726		7,728	
		206,994		185,844	
Creditors:					
Amounts falling due within one year	12	(214,163)		(196,625)	
Net current liabilities			(7,169)		(10,781)
Total assets less current liabilities			75,528		78,507
Creditors:					
Amounts falling due after more than one year	13		(92)		(267)
Provisions for liabilities and charges	14		(22,154)		(26,412)
Net assets			53,282		51,828
Capital and reserves					
Called up share capital	16		18,028		18,028
Revaluation Reserve	17		1,471		1,693
Profit and loss account	17		33,783		32,107
Equity shareholders' funds			53,282		51,828

Approved by the Board of Directors on 8th April 2002 and signed on its behalf by:

T C Parker)
) Directors
R P Beacham)

The notes on pages 10 to 23 form part of the financial statements.

Reconciliation of movements in shareholders' funds for the year ended 31st January 2002

	2002 £'000	2001 £'000
Profit for the financial year	30,759	20,613
Dividends paid and proposed	(29,305)	(20,183)
Net increase in shareholders' funds	1,454	430
Opening shareholders' funds	51,828	51,398
Closing shareholders' funds	53,282	51,828

Note of historical cost profits and losses for the year ended 31st January 2002

	2002 £'000	2001 £'000
Profit on ordinary activities before taxation	45,814	31,118
Realised gains on revalued properties	222	126
Difference between historical cost depreciation charge and actual depreciation charge for the year	167	88
Historical cost profit on ordinary activities before taxation	46,203	31,332
Historical cost profit for the year retained after taxation and dividends	1,843	556

The notes on pages 10 to 23 form part of these financial statements.

C. & J. CLARK INTERNATIONAL LIMITED
Notes to the financial statements for the year ended 31st January 2002

1. Accounting policies

These financial statements have been prepared on the historical cost basis, modified to include the revaluation of freehold and long leasehold land and buildings, and in accordance with applicable accounting standards.

Basis of presentation of financial information

The company is exempt from the requirement to prepare group accounts by virtue of S228 of the Companies Act 1985. These financial statements present information about the company as an individual undertaking and not about its group.

Investments
Investments are stated at cost less provisions for any impairment in value.

Fixed assets and depreciation
Depreciation is provided on all tangible fixed assets excepting freehold land and assets in the course of construction in order to write off the original cost, less estimated residual value, evenly over the average expected useful life of the asset as follows:

Freehold and long leasehold buildings	50 years
Short leasehold property	lower of 14 years or the life of the lease
Plant, machinery and fixtures	8 years
Motor vehicles	4 years
Computer hardware	3 years

Capitalisation of software costs
Software costs are capitalised and amortised over three years. Where appropriate these costs include elements of fees paid to external consultants.

Leased assets
Fixed assets held under finance leases have been capitalised and depreciated over their expected useful lives. The related lease obligations have been included in creditors. The finance charges have been charged to the profit and loss account over the primary period of the lease. Operating lease rentals have been charged to the profit and loss account as incurred.

Research and development
All expenditure on research and development is written off in the year in which it is incurred.

C. & J. CLARK INTERNATIONAL LIMITED
Notes to the financial statements for the year ended 31st January 2002 (continued)

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1. Accounting policies (continued)

Stock
Stock has been stated at the lower of cost and net realisable value. The cost of manufactured stock, including work-in-progress, includes all direct expenditure together with an appropriate proportion of overheads.

Deferred taxation
Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation. Deferred tax is not recognised on permanent differences such as revaluation gains, gains rolled over into new assets, and unremitted overseas earnings.

Pension costs
The cost of providing pension benefits has been charged to the profit and loss account over the working lives of employees.

Cash flow statement
Under FRS 1 (Revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

C. & J. CLARK INTERNATIONAL LIMITED
Notes to the financial statements for the year ended 31st January 2002 (continued)

2. Analysis of turnover

The turnover of the company derives from its activities in the shoe trade. The format of the geographical analysis below has been changed this year to show Europe separately from Rest of the World, as Europe now represents a more significant part of the Company's results.

The geographical source of turnover is principally the UK and the turnover by ultimate geographical market is: -

	2002	2001 (restated)
	£'000	£'000
UK	523,992	498,829
North America	9,823	14,742
Europe	86,088	82,330
Rest of the World	28,197	35,707
	648,100	631,608

Turnover with other group companies of £44,736,000 (2001 - £51,638,000) is included within the above figures.

3. Operating profit and costs

a) Costs less other income:

	2002	2001
	£'000	£'000
Turnover	648,100	631,608
Cost of sales	(346,895)	(357,189)
Gross profit	301,205	274,419
Distribution costs	(176,477)	(167,035)
Administration expenses	(81,494)	(77,452)
Operating profit	43,234	29,932

C. & J. CLARK INTERNATIONAL LIMITED
Notes to the financial statements for the year ended 31st January 2002 (continued)

3. Operating profit and costs (continued)

b) Exceptional items charged in arriving at operating profit are:

	Cost of sales £'000	Distribution costs £'000	Administrative expenses £'000	Total 2002 £'000	Total 2001 £'000
Closure and restructuring of factories	651	-	-	651	4,417
Restructuring of the K retail chain	-	-	(519)	(519)	5,722
Impairment of software and development costs	-	-	3,054	3,054	-
Executive Share Plan – National Insurance for prior year	-	-	-	-	547
Set up costs of International Distribution Centre	-	1,357	-	1,357	-
	651	1,357	2,535	4,543	10,686

c) Other costs charged in arriving at operating profit includes:

	2002 £'000	2001 £'000
Depreciation of owned assets	14,689	13,370
Depreciation of assets held under finance leases	147	243
Operating lease rentals		
- land and buildings	57,540	56,768
- plant and equipment	1,685	1,899
Auditors' remuneration		
- Audit fees	120	120
- other fees	478	439
Operating lease rental income - land and buildings	7,916	7,783

d) Average number of full-time and part-time employees

	2002 Number	2001 Number
Production	855	1,078
Sales and distribution	11,156	11,200
Administration	503	476
	12,514	12,754

The average number of employees has been calculated on a monthly weighted average. The total number of employees at year end was 12,370 (2001 – 12,872).

C. & J. CLARK INTERNATIONAL LIMITED
Notes to the financial statements for the year ended 31st January 2002 (continued)

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e) Employment costs in respect of the foregoing:

	2002 £'000	2001 £'000
Wages and salaries	97,674	97,293
Social security costs	6,329	6,644
Pension contributions (see note 19)	(5,093)	(5,513)
	98,910	98,424

f) Aggregate emoluments of the directors:

	2002 £'000	2001 £'000
Directors' services		
- salaries and benefits	1,311	1,137
- long term incentives	1,192	1,958
- pension contributions	239	197
	2,742	3,292

The emoluments of the highest paid director totalled £1,288,000 (2001 - £1,497,000).

4. Profit on disposal of fixed assets

	2002 £'000	2001 £'000
Property disposals : surplus over net book value	3,669	1,896

5. Net interest payable

	2002 £'000	2001 £'000
Interest payable:		
Bank loan and overdraft interest	1,145	808
Finance charges payable on finance leases	28	46
Other interest	-	2
	1,173	856
Interest receivable	(84)	(146)
	1,089	710

C. & J. CLARK INTERNATIONAL LIMITED
Notes to the financial statements for the year ended 31st January 2002 (continued)

6. Taxation on profit on ordinary activities

a) Analysis of charge in the year:

	2002 £'000	2001 £'000
Current taxation:		
UK Corporation Tax at 30% (2001 – 30%)	11,723	8,735
Group relief	1,061	-
Adjustments in respect of prior periods	1,065	-
Total current taxation (see note 6 (b))	13,849	8,735
Deferred taxation (see note 15)		
Origination and reversal of timing differences	1,206	1,770
	15,055	10,505

b) Factors affecting tax charge:

The tax assessed for the year is higher than the standard rate of Corporation Tax in the UK, which is 30%. The differences are explained below:

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	45,814	31,118
At standard rate of Corporation Tax in the UK of 30% (2001 – 30%)	13,744	9,335
Depreciation on items not qualifying for capital allowances	782	656
Profit/(loss) on disposal of assets not qualifying for capital allowances	214	(170)
Utilisation of tax losses	-	(501)
Movement in provision for reverse lease premiums not deductible for tax purposes	(231)	1,057
Adjustments in respect of prior periods	(54)	-
Other	600	128
	1,311	1,170
Movement on deferred taxation	(1,206)	(1,770)
Total current taxation (see note 6(a))	13,849	8,735

c) Factors affecting future tax charges:

The company intends to continue to hold assets that do not qualify for capital allowances.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided is £1.6 million (2001 - £1.8 million).

C. & J. CLARK INTERNATIONAL LIMITED
Notes to the financial statements for the year ended 31st January 2002 (continued)

7. Dividends paid and proposed

	2002 £'000	2001 £'000
Equity dividends:		
Interim Ordinary Share dividends paid	23,877	15,376
Final Ordinary Share dividend proposed	5,428	4,807
	29,305	20,183

8. Fixed assets - tangible assets

a) Summary

	Land and Buildings			Plant & Equipment	Total
	Freehold	Leasehold			
		Long	Short		
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 31st January 2001	22,592	1,147	4,487	123,209	151,435
Capital expenditure	649	161	228	13,880	14,918
Disposals	(1,706)	-	(253)	(9,806)	(11,765)
At 31st January 2002	21,535	1,308	4,462	127,283	154,588
Depreciation					
At 31st January 2001	254	23	3,971	57,944	62,192
Charge for the year	294	30	214	14,298	14,836
Disposals	(12)	-	(250)	(4,548)	(4,810)
At 31st January 2002	536	53	3,935	67,694	72,218
Net book value					
At 31st January 2002	20,999	1,255	527	59,589	82,370
At 31st January 2001	22,338	1,124	516	65,265	89,243

The charge for the year as stated above includes the following:

Amounts in respect of impairments of assets	3,353	3,353

8. Fixed assets – tangible assets continued

b) Valuation of land and buildings

	Freehold £'000	Long Leasehold £'000	Short Leasehold £'000	Total £'000
Land and buildings are stated at:				
Valuation less depreciation	19,428	1,005	-	20,433
Cost less depreciation	1,571	250	527	2,348
	20,999	1,255	527	22,781
At historical cost, the comparable amounts would be:				
Cost	14,022	1,058	4,462	19,542
Depreciation	(374)	(39)	(3,935)	(4,348)
Net book value	13,648	1,019	527	15,194

The gross book value of freehold land and buildings includes £8,965,000 of land, which is not depreciated.

In accordance with the transitional provisions of FRS 15, freehold and long leasehold land and buildings are shown at current valuations and will not be updated.

c) Leased assets

Plant and equipment includes leased assets with a net book value of £366,000 (2001 - £759,000).

9. Investments

	Investments in associate companies £'000	Investments in group companies £'000	Total £'000
Cost at 31st January 2001	45	-	45
Additions	-	282	282
Cost at 31st January 2002	45	282	327

The company holds 45,000 ordinary shares of £1 each in CSM3D International Ltd, a company which specialises in CAD/CAM design facilities for the shoe trade, representing 50% of that company's share capital having voting rights.

During the year, the ownership of 30% of the share capital of C. & J. Clark Fabrica de Calçado Lda. was transferred from C. & J. Clark Overseas Limited.

The company also owns the entire share capital of Clarks International Retail Limited, which is now dormant, and that of Clarks Shoes Australia Limited. Both investments are fully provided against.

C. & J. CLARK INTERNATIONAL LIMITED
Notes to the financial statements for the year ended 31st January 2002 (continued)

10. Stocks and work in progress

	2002 £'000	2001 £'000
Raw materials and consumables	816	1,991
Work in progress	2,573	3,671
Finished goods and goods for resale	129,435	113,950
	132,824	119,612

11. Debtors

	2002		2001	
	£'000	£'000	£'000	£'000
Trade debtors	19,792		22,093	
Amounts owed by group undertakings	11,830		7,911	
Other debtors	522		88	
Prepayments and accrued income	13,039		14,752	
Amounts falling due within one year		45,183		44,844
Other debtors falling due after more than one year	13		11	
Prepaid pension costs (see note 19)	19,248		13,649	
Amounts falling due after more than one year		19,261		13,660
		64,444		58,504

12. Creditors: amounts falling due within one year

	2002		2001	
	£'000	£'000	£'000	£'000
Bank loans and overdrafts		24,037		20,553
Obligations under finance leases		175		157
Trade creditors		54,274		46,667
Amounts owed to group undertakings		107,370		101,740
Taxation and social security:				
Corporation Tax	7,344		6,450	
Other taxes	3,958		6,844	
PAYE & National Insurance	1,984		1,924	
		13,286		15,218
Other creditors		1,633		1,670
Accruals and deferred income		7,960		5,813
Proposed dividend		5,428		4,807
		214,163		196,625

C. & J. CLARK INTERNATIONAL LIMITED
Notes to the financial statements for the year ended 31st January 2002 (continued)

13. Creditors: amounts falling due after more than one year

	2002 £'000	2001 £'000
Obligations under finance leases – falling due between 1 and 2 years	92	175
Obligations under finance leases – falling due between 2 and 5 years	-	92
	92	267

14. Provisions for liabilities and charges

	At 31st January 2001 £'000	Provided in year £'000	Utilised £'000	At 31st January 2001 £'000
Executive Share Plan	4,258	1,310	(1,518)	4,050
Senior Managers' Long Term Incentive Scheme	1,064	443	(396)	1,111
Shadow Share Scheme	466	21	(257)	230
Restructuring of factories and shops	9,229	(620)	(4,349)	4,260
Returns provision	1,225	207	(228)	1,204
Dilapidation provision	245	62	40	347
Onerous lease provision	1,357	(65)	(114)	1,178
	17,844	1,358	(6,822)	12,380
Deferred taxation (see note 15)	8,568	1,206	-	9,774
	26,412	2,564	(6,822)	22,154

15. Deferred taxation

	2002 £'000	2001 £'000
Accelerated capital allowances	3,937	4,497
Hold over relief/capital gains tax losses	2,483	1,571
Deferred pension payments	5,903	4,095
Short term timing differences	(2,549)	(1,595)
	9,774	8,568

	2002 £'000	2001 £'000
Provision at 31st January 2001	8,568	6,798
Deferred tax charge in profit and loss account for year (see note 6(a))	1,206	1,770
Provision at 31st January 2002	9,774	8,568

16. Share capital

	2002 £'000	2001 £'000
Authorised, issued, allotted and fully paid 18,028,202 Ordinary Shares of £1 each	18,028	18,028

17. Movements on reserves

	Revaluation reserve £'000	Profit & loss account £'000	Total £'000
Balances at 31st January 2001	1,693	32,107	33,800
Retained profit for the year	-	1,454	1,454
Transfer from Revaluation reserve to Profit & loss account	(222)	222	-
Balances at 31st January 2002	1,471	33,783	35,254

Included within the Profit and loss account is £2,168,000 that is not distributable.

18. Financial commitments

Commitments by the company for capital expenditure not provided for in the accounts were: -

	2002 £'000	2001 £'000
Contracted for but not provided for	2,770	3,761

Annual commitments by the company in respect of non-cancellable operating leases were: -

	Land and buildings		Plant and equipment	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Expiring within one year	2,000	2,617	107	239
Expiring between two and five years	11,242	10,547	1,641	951
Expiring after five years	38,915	39,070	-	-
	52,157	52,234	1,748	1,190

19. Pension commitments

a) The pension scheme is of the defined benefit type with assets held in separate trustee administered funds.

At 6th April 1999 the pension scheme was valued by independent qualified actuaries using the projected unit credit method. The scheme had a surplus for funding purposes of £34.3m with assets having an actuarial value of £415.9m, representing 109% of the actuarial value of the liabilities.

The assumptions that have the most significant effect on the results of the valuation are those relating to investment returns and the rates of increases in salaries and pensions.

The key funding assumptions used were:

	Rate per annum
Long term rate of investment return	8.0 %
Equity dividend growth	4.8 %
General salary and wage inflation rate	6.0 %
Pension increase rate	3.5 %

The scheme was also valued under the Minimum Funding Requirement (MFR) regulations which were introduced in the Pensions Act 1995. Under the bases prescribed by the Act the assets exceeded the liabilities by 20%.

For accounting purposes the assumption for the average rate of equity dividend growth was 5% per annum. The surplus is being recognised using the straight line method over the average remaining service life of employees, being 12 years.

The total pension costs of the scheme, net of experience surpluses credited in the Profit and loss account, were:

	2002 £'000	2001 £'000
Regular pension costs	5,800	5,800
Experience surplus, credited to the profit and loss account	(10,893)	(11,313)
	(5,093)	(5,513)

The cumulative difference between the regular pension costs and the amount credited in respect of the surplus amounts to £19,248,000 (2001 - £13,649,000) and is included in Debtors (see note 11).

C. & J. CLARK INTERNATIONAL LIMITED
Notes to the financial statements for the year ended 31st January 2002 (continued)

19. Pension commitments

b) The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 6th April 1999, and updated by Mercers to take account of the requirements of FRS17 in order to assess the liabilities of the scheme at 31 January 2002. Scheme assets are stated at their market value at 31 January 2002.

The financial assumptions used to calculate scheme liabilities under FRS17 are:

Valuation method		Projected unit
Discount rate		5.5%
Inflation rate		2.5%
Increase to deferred benefits during deferment		N/A
Increase to pensions in payment		2.5%
Salary increases	– executives	4.5%
	– non-executives	4.0%

The assets in the scheme and the expected rates of return were:

	Long term expected rate of return	Value at 31st January 2002 £'000
Equities	8.0%	391,534
Bonds	5.1%	100,880
Other	4.0%	6,991
Total market value of assets		499,405
Present value of scheme liabilities		(482,696)
Surplus in the scheme		16,709
Related deferred tax liability		(5,013)
Net pension asset		11,696

	2002 £'000
Net assets:	
Net assets excluding pension asset	53,282
Net pension asset	11,696
Net assets including pension asset	64,978

	2002 £'000
Reserves:	
Profit and loss reserves excluding pension asset	33,783
Net pension asset	11,696
Profit and loss reserves including pension asset	45,479

20. Contingent liabilities

	2002 £'000	2001 £'000
There were contingent liabilities in respect of:-		
Guarantees of repayment of loans	195	164
Other guarantees and indemnities	1,447	1,081
	1,642	1,245

In the normal course of trade, the company has assigned leases of properties no longer required, to third parties, and therefore retains contingent liabilities should the eventual assignees default. Such contingent liabilities are unquantifiable, however, losses to date have been immaterial.

22. Ultimate holding company

The company is a subsidiary undertaking of C. & J. Clark Limited, a company registered in England.

The only group in which the results of the company are consolidated is that headed by C. & J. Clark Limited. The consolidated accounts of the group are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.

23. Related party transactions

Control
As stated in the Annual Report of the company's ultimate parent company, family shareholders hold some 72% of that company's Ordinary Shares.

Transactions with associates
During the year, the company purchased services from its associate CSM3D International Limited, in the value of £135,000 (2001 - £103,000).

Transactions with subsidiaries
As the company is a wholly owned subsidiary of C. & J. Clark Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities that form part of the group. The consolidated financial statements of C. & J. Clark Limited, within which this company is included, can be obtained from Companies House at the address shown in Note 22.