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SANGSON LIMITED
FINANCIAL STATEMENTS
30TH SEPTEMBER 1999

Registered number: 01221723

JAVED & CO.
CHARTERED ACCOUNTANTS
Birmingham,



SANGSON LIMITED

FINANCIAL STATEMENTS

for the year ended 30th September 1999

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The following page does not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix 1
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SANGSON LIMITED

COMPANY INFORMATION

30th September 1999

INCORPORATED	England and Wales, 4 August 1975.
NUMBER	01221723
DIRECTORS	Mr Gurbax Singh Sangha Mrs Nashater Kaur Sangha
SECRETARY	Mr Gurbax Singh Sangha
REGISTERED OFFICE	Sangha House, Unit 1, 5-7 South Road, Hockley, Birmingham, B19 1RJ.
BANKERS	Midland Bank Plc, P.O. Box 28, 328 High Street, West Bromwich, B70 8DL.
AUDITORS	Javed & Co. Chartered Accountants, 109 Hagley Road, Edgbaston, Birmingham, B16 8LA.

SANGSON LIMITED

DIRECTORS' REPORT

30th September 1999

The directors present their report and the audited financial statements for the year ended 30th September 1999.

Principal activity

The principal activity of the company is that of a supplying cloth to the textile industry.

Business review

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £404,455.

Results and dividends

The results for the year are shown in the profit and loss account on page 5. The directors do not propose payment of an ordinary dividend.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	30th September 1999	1st October 1998
	Ordinary shares	Ordinary shares
Mr Gurbax Singh Sangha	225	225
Mrs Nashater Kaur Sangha	225	225

In accordance with the Articles of Association, Mr Gurbax Singh Sangha retires by rotation and offers himself for re-election.

continued

SANGSON LIMITED

DIRECTORS' REPORT
(continued)

30th September 1999

Auditors

Javed & Co. have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board

Mr Gurbax Singh Sangha
Secretary

Sangha House,
Unit 1, 5-7 South Road,
Hockley,
Birmingham, B19 1RJ.

Dated: 31-03-00

SANGSON LIMITED

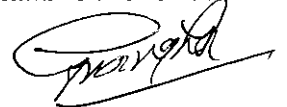
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

On behalf of the board



Mr Gurbax Singh Sangha
Director

Dated: 31-03-00

SANGSON LIMITED**AUDITORS' REPORT****Auditors' report to the members of****Sangson Limited**

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, 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

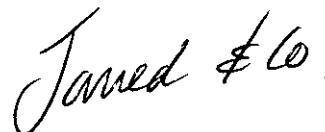
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 error or other irregularity. 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 as at 30th September 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Birmingham,



Javed & Co.
Registered Auditors
Chartered Accountants,

Dated: 31-03-00

SANGSON LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 30th September 1999

	Note	1999 £	1998 £
Turnover	2	2,777,441	2,123,340
Cost of sales		(2,558,366)	(1,934,650)
Gross profit		219,075	188,690
Net operating expenses			
Administrative Expenses		(140,055)	(123,485)
Operating profit	3	79,020	65,205
Interest payable	5	(18,968)	(22,129)
Profit on ordinary activities before taxation		60,052	43,076
Taxation	6	(12,272)	(9,325)
Profit on ordinary activities after taxation		47,780	33,751
retained for the year	14		

Movements in reserves are shown in note 14.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1999 or 1998 other than the profit for the year.

SANGSON LIMITED

BALANCE SHEET

at 30th September 1999

	Note	1999 £	1998 £
Fixed assets			
Tangible assets	7	36,375	32,125
Current assets			
Stocks	8	147,222	244,087
Debtors	9	1,159,205	1,090,816
Cash at bank and in hand		1,662	50
		<u>1,308,089</u>	<u>1,334,953</u>
Creditors: amounts falling due within one year	10	<u>(940,009)</u>	<u>(1,010,403)</u>
Net current assets		368,080	324,550
Total assets less current liabilities		<u>404,455</u>	<u>356,675</u>
Capital and reserves			
Called up share capital	13	500	500
Profit and loss account	14	403,955	356,175
Total shareholders' funds	12	<u>404,455</u>	<u>356,675</u>

The financial statements on pages 5 to 13 were approved by the board of directors on 31-03-00 and signed on its behalf by:



Mr Gurbax Singh Sangha
Director

SANGSON LIMITED

NOTES ON FINANCIAL STATEMENTS

30th September 1999

1 Accounting policies**Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Depreciation

Depreciation is calculated to write off the cost over their estimated useful lives by the reducing balance method at the following rates:

Plant and machinery	15 %
Motor vehicles	25 %
Fixtures and fittings	15 %

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Pensions**Defined contribution scheme**

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Turnover

The turnover for the year was derived from the company's principal activity. The whole of the turnover is attributable to the UK market.

SANGSON LIMITED

NOTES ON FINANCIAL STATEMENTS

30th September 1999

3 Operating profit

	1999 £	1998 £
Operating profit is stated after crediting		
Profit on sale of assets	625	-
and after charging		
Staff costs (note 4)	50,567	50,817
Auditors' remuneration	2,150	2,150
Loss on sale of assets	1,915	538
Depreciation of tangible fixed assets (note 7)		
owned assets	5,764	6,226
leased assets	5,625	3,619
	11,389	9,845
The total amount charged against profits in respect of finance leases and hire purchase contracts is	6,108	4,535
(of which part is shown as depreciation and the balance is shown as interest payable in note 5)		

SANGSON LIMITED

NOTES ON FINANCIAL STATEMENTS

30th September 1999

4 Directors and employees

	1999 £	1998 £
Staff costs including directors' emoluments		
Wages and salaries	45,310	46,188
Social security costs	5,257	3,957
Pension costs	-	672
	<u>50,567</u>	<u>50,817</u>
 Average monthly number employed including executive directors:	 Number	 Number
Production staff	2	3
Office and management	2	2
Administration staff	2	2
	<u>6</u>	<u>7</u>
 Directors	 £	 £
Emoluments	20,800	20,800
Directors' pension contributions	-	672
	<u>20,800</u>	<u>21,472</u>

Defined contribution pension scheme

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £0 (1998 £672).

5 Interest payable

	1999 £	1998 £
Bank interest	17,942	20,748
Bank loan interest	315	-
Hire purchase interest	711	1,381
	<u>18,968</u>	<u>22,129</u>

SANGSON LIMITED

NOTES ON FINANCIAL STATEMENTS

30th September 1999

6 Taxation

	1999 £	1998 £
Corporation tax on profit on ordinary activities at 21% (1998 21%)	12,272	9,325

7 Tangible fixed assets

Cost	Motor Vehicles £	Plant and Machinery £	Fixtures and Fittings £	Total £
1st October 1998	50,665	20,063	7,722	78,450
Additions	31,500	-	929	32,429
Disposals	(34,467)	(4,700)	-	(39,167)
30th September 1999	47,698	15,363	8,651	71,712
Depreciation				
1st October 1998	24,057	17,958	4,310	46,325
Charge for year	10,561	177	651	11,389
Disposals	(18,602)	(3,775)	-	(22,377)
30th September 1999	16,016	14,360	4,961	35,337
Net book amount				
30th September 1999	31,682	1,003	3,690	36,375
1st October 1998	26,608	2,105	3,412	32,125

The net book amount of fixed assets includes £16,875 (1998 £10,856) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

8 Stocks

	1999 £	1998 £
Goods for resale	147,222	244,087
	147,222	244,087

SANGSON LIMITED

NOTES ON FINANCIAL STATEMENTS

30th September 1999

9 Debtors

	1999 £	1998 £
Amounts falling due within one year		
Trade debtors	1,154,979	1,086,593
Prepayments and accrued income	4,226	4,223
	<hr/>	<hr/>
	1,159,205	1,090,816
Amounts falling due after more than one year	-	-
	<hr/>	<hr/>
	<u>1,159,205</u>	<u>1,090,816</u>

10 Creditors: amounts falling due within one year

	1999 £	1998 £
Bank loans and overdrafts	156,880	234,229
Trade creditors	695,358	674,577
Corporation tax	12,272	9,325
Other taxation and social security	22,548	36,585
Directors' loan account	42,301	49,271
Accruals and deferred income	4,500	4,500
Obligations under finance leases and hire purchase contracts	6,150	1,916
	<hr/>	<hr/>
	<u>940,009</u>	<u>1,010,403</u>

The bank overdraft is secured by a fixed charge over book debts and a floating charge over all other assets.

SANGSON LIMITED

NOTES ON FINANCIAL STATEMENTS

30th September 1999

11 Deferred taxation

	1999		1998	
	Potential liability	Provision made	Potential liability	Provision made
	£	£	£	£
Corporation tax deferred by				
Capital allowances	209	-	101	-
	<u>209</u>	<u>-</u>	<u>101</u>	<u>-</u>

The potential liability and provision are based on a corporation tax rate of 20% (1998 21%).

12 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Profit for the financial year representing a Net addition to shareholders' funds	47,780	33,751
Opening shareholders' funds	356,675	322,924
Closing shareholders' funds	<u>404,455</u>	<u>356,675</u>

13 Called up share capital

	1999		1998	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>
Allotted called up and fully paid				
Ordinary shares of £1 each	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>

SANGSON LIMITED

NOTES ON FINANCIAL STATEMENTS

30th September 1999

14 Profit and loss account

	1999 £
1st October 1998	356,175
Retained profit for the year	47,780
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30th September 1999	403,955
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