

# GARSDALE KNITWEAR LIMITED

COMPANY NO. 01765714 ENGLAND AND WALES

## *REPORT OF THE DIRECTORS AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999*

78 DICKENSON ROAD  
RUSHOLME  
MANCHESTER  
M14 5HF

AMPA2\MSZ\G1

SADDIQUE & CO  
CHARTERED ACCOUNTANTS &  
REGISTERED AUDITORS  
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# **GARSDALE KNITWEAR LIMITED**

## **DIRECTORS' REPORT AND ACCOUNTS YEAR ENDED 31 DECEMBER 1999**

<b>CONTENTS</b>	<b>PAGE</b>
GENERAL	1
REPORT OF THE DIRECTORS	2-3
REPORT OF THE AUDITORS	4
PROFIT AND LOSS ACCOUNT	5
BALANCE SHEET	6
NOTES	7-11

The following page does not form part of the statutory accounts

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT	Appendix 1
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# **GARSDALE KNITWEAR LIMITED**

## **GENERAL**

### **BUSINESS ADDRESS**

64 CHAPLE TOWN STREET  
ANCOATS  
MANCHESTER M1 2WQ

### **DIRECTORS**

MOHAMMAD ARSHAD  
MOHAMMAD ANWAR  
MOHAMMAD HANIF

### **SECRETARY**

MOHAMMAD ANWAR

### **REGISTERED OFFICE**

78 DICKENSON ROAD  
RUSHOLME  
MANCHESTER M14 5HF

### **AUDITORS**

SADDIQUE & CO  
CHARTERED ACCOUNTANTS  
78 DICKENSON ROAD  
RUSHOLME  
MANCHESTER M14 5HF

### **BANKERS**

NATIONAL WESTMINSTER BANK PLC  
P.O.BOX 305  
SPRING GARDENS  
MANCHESTER M60 2DB

**COMPANY NO. 01765714 ENGLAND AND WALES**

# **GARSDALE KNITWEAR LIMITED**

## **REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 31 DECEMBER 1999**

The directors present their annual report and the audited accounts for the year ended 31 December 1999.

### **1. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of profit or loss of the company for that period. In preparing those accounts, the directors are required to:-

- \* select suitable accounting policies and then apply them consistently;
- \* make judgements and estimates that are reasonable and prudent;
- \* prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- \* state whether the Financial Reporting Standard for Smaller Entities has been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time of 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 the safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **2. PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The principal activity of the Company continues to be that of manufacturing and distribution of knitwear garments. The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

### **3. CHARITABLE AND POLITICAL CONTRIBUTIONS**

The company made charitable contributions during the year amounting to £ 1,108. There were no payments for political purposes.

**GARSDALE KNITWEAR LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

**4. DIRECTORS AND THEIR INTERESTS**

The directors in office in the year and their beneficial interests in the company's issued ordinary share capital were as follows:

	At 31 December 1999	At 31 December 1998
	Ordinary shares of £ 1 each	Ordinary shares of £ 1 each
MOHAMMAD ARSHAD	2,000	2,000
MOHAMMAD ANWAR	2,000	2,000
MOHAMMAD HANIF	1,000	1,000

**5. DIVIDENDS**

Dividends amounting to £ 54,000 have been paid out of profits for the current financial year.

**6. YEAR 2000**

The company has not encountered any problems so far relating to the year 2000 issue. The company's year 2000 action plan involved reviewing the company's business and operations and the possibility of year 2000 related failures in our significant suppliers and customers. The directors believe that the company is unlikely to encounter any problems.

The cost of remaining year 2000 compliance work during the year ended 31 December 1999 was immaterial and no further costs are anticipated.

**7. AUDITORS**

The company has elected to dispense with the annual appointment of auditors. In the absence of a specific resolution to the contrary, Saddique & Co will continue in office unless otherwise instructed.

The above report has been prepared in accordance with the special provisions of the part VII of the Companies Act 1985 relating to small companies.

**SIGNED ON BEHALF OF THE BOARD**



**M. ANWAR**  
**SECRETARY**

**APPROVED BY THE BOARD ON 15 MARCH 2000.**

## **AUDITORS' REPORT TO THE SHAREHOLDERS OF GARSDALE KNITWEAR LIMITED**

We have audited the accounts on pages 5 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page seven.

### **Respective responsibilities of directors and auditors**

As described on page two the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of company's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

78 DICKINSON ROAD  
RUSHOLME  
MANCHESTER M14 5HF

15 March 2000



**SADDIQUE & CO**  
Chartered Accountants &  
Registered Auditors

**GARSDALE KNITWEAR LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

	Notes	1999 £	1998 £
<b>Turnover</b>	1e	2,603,210	2,294,075
<b>Less:</b> Cost of sales		(2,117,915)	(1,909,537)
<b>Gross Profit</b>		<u>485,295</u>	<u>384,538</u>
Selling and Distribution Expenses		(181,040)	(123,305)
Adminstration Expenses		(177,988)	(167,080)
Operating profit	5	<u>126,267</u>	<u>94,153</u>
Interest payable & similiar charges	11	(5,838)	(6,513)
Profit on ordinary activities before Taxation		<u>120,429</u>	<u>87,640</u>
Tax on profit on ordinary activities	6	(24,926)	(17,015)
Profit for the financial year		<u>95,503</u>	<u>70,625</u>
Dividends paid		(54,000)	(56,000)
Retained Profit for the year		<u>41,503</u>	<u>14,625</u>
Retained profit at 1 January 1999		453,938	439,313
<b>Retained Profit at 31 December 1999</b>		<u>495,441</u> =====	<u>453,938</u> =====

# GARSDALE KNITWEAR LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 1999

	Notes	1999 £	1998 £
<b>FIXED ASSETS</b>			
Tangible Assets	3	557,715	603,259
<b>CURRENT ASSETS</b>			
Stocks	1c	138,475	65,545
Debtors	7	293,924	354,115
Cash at Bank & in hand		255,151	135,500
		<u>687,550</u>	<u>555,160</u>
<b>CREDITORS:</b> Amounts falling due within one year	8	(675,135)	(585,248)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>12,415</u>	<u>(30,088)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>570,130</u>	<u>573,171</u>
<b>CREDITORS:</b> Amounts falling due after more than one year	8A	(-)	(43,334)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	10	(65,689)	(66,899)
<b>NET ASSETS</b>		<u>£ 504,441</u> =====	<u>£462,938</u> =====
<b>CAPITAL AND RESERVES:</b>			
Called-up Share Capital	9	9,000	9,000
Profit and Loss Account		495,441	453,938
		<u>£ 504,441</u> =====	<u>£ 462,938</u> =====

The accounts have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These accounts were approved by the board of directors on 15 March 2000 and signed on its behalf by:

.....*Mohd. Arshad*.....  
 Mohammad Arshad  
 Director



# GARSDALE KNITWEAR LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999

### 1. STATEMENT OF ACCOUNTING POLICIES

#### a) Basis of preparation of accounts

The financial statements are prepared under the historical cost accounting rules and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

#### b) Tangible Fixed Assets and Depreciation

All Tangible Fixed Assets of the Company are stated at cost, and are depreciated over their expected lives or anticipated length of use by the company in order to write off the cost less estimated residual value.

Depreciation is charged using Reducing Balance basis for Motor Vehicles, Machinery and Fixtures & Fittings, and Straight Line basis for property.

The rates used are as follows;

	%
Plant & Machinery	10
Fixtures & Fittings	15
Motor vehicles	25
Property	4

The company's freehold property is included at its cost. The directors are of the opinion that there is no material difference in its historical cost and its open market value and therefore no revaluation has been carried out.

#### c) Stocks and work-in-progress

Stocks and work-in-progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of manufacturing overheads.

#### d) Deferred Taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

#### e) Turnover

Turnover comprises the value of sales of goods in the normal course of business, stated net of credits, allowances, trade discounts and VAT.

#### f) Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised as fixed assets and depreciated in accordance with the company's normal policy.

The outstanding liabilities under such agreements less interest not yet due are included in creditors. Interest on such agreements is charged to profit and loss account over the term of each agreement and represents a constant proportion of the balance of capital repayments outstanding.

# GARSDALE KNITWEAR LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999

### 2. TURNOVER

Turnover attributable to geographical markets outside the United Kingdom amounted to 44 % (1998: 35%).

### 3. TANGIBLE FIXED ASSETS

Net Book Value representing cost less accumulated depreciation as shown in the Balance Sheet comprises as follows:

	Freehold <u>Property</u> £	Plant & <u>Machinery</u> £	Fixtures & <u>Fittings</u> £	Motor <u>Vehicle</u> £	<u>TOTAL</u> £
<b>Cost as at</b> 01/01/99	63,575	1,147,523	39,001	12,361	1,262,460
Additions at cost	-	10,329	8,400	-	18,729
Disposals at cost	-	-	-	-	-
<b>Cost as at</b> 31/12/99	63,575	1,157,852	47,401	12,361	1,281,189
<b>Depreciation</b>					
Balance b/f	34,788	598,947	20,058	5,408	659,201
Adjustment for disposal	-	-	-	-	-
Charge for the year	2,543	55,890	4,102	1,738	64,273
<b>Depreciation</b> as at 31/12/99	37,331	654,837	24,160	7,146	723,474
<b>Net Book Value</b> as at 31/12/99	26,244	503,015	23,241	5,215	557,715
<b>Net book value</b> As at 31/12/98	28,787	548,576	18,943	6,953	603,259

The net book value of Plant and Machinery includes £106,434 (1998: £118,260) in respect of assets held under hire purchase contract.

The amount of depreciation in respect of such assets amounted to £11,826 for the year (1998: £13,140).

# GARSDALE KNITWEAR LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999

### 4. BANK OVERDRAFT

Bank overdraft facility is secured against a first legal mortgage over freehold property and unscheduled mortgage debenture incorporating a fixed and floating charge over all current and future assets of the company.

	1999 £	1998 £
<b>5. OPERATING PROFIT</b>		
The operating profit is stated after charging:		
Directors emoluments	62,400	62,400
Auditors remuneration	2,450	2,350
Depreciation of fixed assets: owned	52,447	55,768
: Hire purchased	11,826	13,140
	=====	=====

### 6. CORPORATION TAX

Corporation tax has been charged on taxable profits at the rates applicable during the Company's accounting year. The charge to Profit and Loss account comprises:-

UK Corporation Tax 20%/21% (1998-21%)	23,424	14,962
Deferred tax (note 10)	(1,210)	2,034
Under (Over) provision for previous year	2,712	19
	<u>£ 24,926</u>	<u>£ 17,015</u>
	=====	=====

### 7. DEBTORS

Trade Debtors	215,473	255,002
Other debtors	78,451	99,113
	<u>£293,924</u>	<u>£ 354,115</u>
	=====	=====

Included in trade debtors is an amount of £ nil (1998-£ nil) which is receivable after more than one year. Included in other debtors is a loan to a director, Mr M Arshad, which is unsecured, interest free and payable on demand. The maximum sum outstanding during the year was £ 2,952 ( 1998: £ 2,952).

# GARSDALE KNITWEAR LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999

	1999 £	1998 £
<b>8.CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Trade Creditors	610,166	515,641
Others creditors	17,950	16,350
Obligation under Hire Purchase contract (secured)	14,444	14,444
Corporation Tax	23,424	14,962
Other taxation and Social Security	6,100	10,800
Director's loan account	3,051	13,051
	<u>£ 675,135</u>	<u>£ 585,248</u>
	=====	=====

<b>8A.CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR</b>		
Obligation under Hire Purchase contract (secured)	NIL	43,334
	<u>£ NIL</u>	<u>£ 43,334</u>
	=====	=====

### 9. CALLED UP SHARE CAPITAL

	Ordinary shares of £1 each	
Authorised	10,000	10,000
	=====	=====
Alotted, called up and fully paid	9,000	9,000
	=====	=====

### 10.PROVISION FOR LIABILITIES AND CHARGES

Provision for deferred taxation has been made in these financial statements in accordance with the accounting policy described in note 1 (d).

The amounts provided and unprovided are as follows:

	1999		1998	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Accelerated Capital allowances	65,689	-	66,899	-
Other timing differences	-	-	-	-
	<u>65,689</u>	<u>-</u>	<u>66,899</u>	<u>-</u>
	=====	=====	=====	=====

Movement during the year:  
Balance at beginning of the year  
Transfer to /(from) Profit and Loss Account

#### Deferred tax

£  
66,899  
(1,210)

Balance at the end of year

65,689  
=====

# GARSDALE KNITWEAR LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1999

	1999 £	1998 £
<b>11.INTEREST PAYABLE AND SIMILIAR CHARGES</b>		
Interest payable under H.P. Contract	5,838	6,513
	<u>£ 5,838</u>	<u>£ 6,513</u>
	=====	=====

## 12.CAPITAL COMMITMENTS

There were no capital commitments at the Balance Sheet date.

## 13. RELATED PARTY TRANSACTIONS

### *Controlling party*

Mr M Arshad, a director, together with member of his close family, control the company by virtue of a controlling interest (directly or indirectly) of 67 % of the issued ordinary share capital.

### **Loan to director**

Included in other debtors is a loan to a director, Mr M Arshad, which is unsecured, interest free and payable on demand. Indebtedness on the loan was as follows:

Liability at 1 January 1999	Maximum liability during the year	Liability at 31 Dcember 1999
£	£	£
2,952	2,952	2,952

## 14. POST BALANCE SHEET EVENTS

No post balnce sheet events have occurred since 31 December 1999 which require reporting or disclosing in the accounts.