

GARSDALE KNITWEAR LIMITED

COMPANY NO. 01765714 ENGLAND AND WALES

REPORT OF THE DIRECTORS AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

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RUSHOLME
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AMPA3\MNG\G1

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GARSDALE KNITWEAR LIMITED

DIRECTORS' REPORT AND ACCOUNTS YEAR ENDED 31 DECEMBER 2000

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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 2000

The directors present their annual report and the audited accounts for the year ended 31 December 2000.

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 £ nil. There were no payments for political purposes.

GARSDALE KNITWEAR LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2000

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 2000	At 31 December 1999
	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 £ 52,000 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.

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 12 FEBRUARY 2001.

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 2000 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

12 February 2001

 
SADDIQUE & CO
Chartered Accountants &
Registered Auditors

GARSDALE KNITWEAR LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £	1999 £
Turnover	1e	1,968,044	2,603,210
Less: Cost of sales		(1,554,439)	(2,117,915)
Gross Profit		<u>413,605</u>	<u>485,295</u>
Selling and Distribution Expenses		(134,583)	(181,040)
Administration Expenses		(162,012)	(177,988)
Operating profit	5	<u>117,010</u>	<u>126,267</u>
Interest payable & similar charges	11	(1,969)	(5,838)
Profit on ordinary activities before Taxation		<u>115,041</u>	<u>120,429</u>
Tax on profit on ordinary activities	6	(25,741)	(24,926)
Profit for the financial year		<u>89,300</u>	<u>95,503</u>
Dividends paid		(52,000)	(54,000)
Retained Profit for the year		<u>37,300</u>	<u>41,503</u>
Retained profit at 1 January 1999		495,441	453,938
Retained Profit at 31 December 1999		<u>532,741</u> =====	<u>495,441</u> =====

GARSDALE KNITWEAR LIMITED


BALANCE SHEET

AS AT 31 DECEMBER 2000

	Notes	£	2000 £	£	1999 £
FIXED ASSETS					
Tangible Assets	3		509,093		557,715
CURRENT ASSETS					
Stocks	1c	35,552			138,475
Debtors	7	183,265			293,924
Cash at Bank & in hand		102,050			255,151
			320,867		687,550
CREDITORS: Amounts falling due within one year	8	(223,704)			(675,135)
NET CURRENT ASSETS/(LIABILITIES)			97,163		12,415
TOTAL ASSETS LESS CURRENT LIABILITIES			606,256		570,130
CREDITORS: Amounts falling due after more than one year	8A		(-)		(-)
PROVISION FOR LIABILITIES AND CHARGES	10		(64,515)		(65,689)
NET ASSETS			£ 541,741		£504,441
			=====		=====
CAPITAL AND RESERVES:					
Called-up Share Capital	9		9,000		9,000
Profit and Loss Account			532,741		495,441
			£ 541,741		£ 504,441
			=====		=====

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 12 February 2001 and signed on its behalf by:


 Mohammad Arshad
 Director

GARSDALE KNITWEAR LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

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 2000

2. TURNOVER

Turnover attributable to geographical markets outside the United Kingdom amounted to 60 % (1999: 44%).

3. TANGIBLE FIXED ASSETS

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

	<u>Freehold Property</u> £	<u>Plant & Machinery</u> £	<u>Fixtures & Fittings</u> £	<u>Motor Vehicle</u> £	<u>TOTAL</u> £
Cost as at 01/01/00	63,575	1,157,852	47,401	12,361	1,281,189
Additions at cost	-	9,200	862	-	10,062
Disposals at cost	-	-	-	-	-
Cost as at 31/12/00	63,575	1,167,052	48,263	12,361	1,291,251
Depreciation					
Balance b/f	37,331	654,837	24,160	7,146	723,474
Adjustment for disposal	-	-	-	-	-
Charge for the year	2,543	51,221	3,616	1,304	58,684
Depreciation as at 31/12/00	39,874	706,058	27,776	8,450	782,158
Net Book Value as at 31/12/00	23,701	460,994	20,487	3,911	509,093
Net book value As at 31/12/99	26,244	503,015	23,241	5,215	557,715

The net book value of Plant and Machinery includes £95,791 (1999: £106,434) in respect of assets held under hire purchase contract.

The amount of depreciation in respect of such assets amounted to £10,643 for the year (1999: £11,826).

GARSDALE KNITWEAR LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

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.

	2000 £	1999 £
5. OPERATING PROFIT		
The operating profit is stated after charging:		
Directors emoluments	62,400	62,400
Auditors remuneration	2,450	2,450
Depreciation of fixed assets: owned	48,041	52,447
: Hire purchased	10,643	11,826
	=====	=====

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	24,203	23,424
Deferred tax (note 10)	(1,174)	(1,210)
Under (Over) provision for previous year	2,712	2,712
	£ 25,741	£ 24,926
	=====	=====

7. DEBTORS

Trade Debtors	162,157	215,473
Other debtors	21,108	78,451
	£ 183,265	£ 293,924
	=====	=====

Included in trade debtors is an amount of £ nil (1999-£ 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 £ nil (1999: £ 2,952).

GARSDALE KNITWEAR LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

	2000 £	1999 £
8.CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade Creditors	159,960	610,166
Others creditors	35,468	17,950
Obligation under Hire Purchase contract (secured)	-	14,444
Corporation Tax	24,203	23,424
Other taxation and Social Security	4,073	6,100
Director's loan account	-	3,051
	<u>£ 223,704</u>	<u>£ 675,135</u>
	=====	=====

8A.CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

Obligation under Hire Purchase contract (secured)	NIL	NIL
	<u>£ NIL</u>	<u>£ NIL</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:

	2000		1999	
	Provided £	Unprovided £	Provided £	Unprovided £
Accelerated Capital allowances	64,515	-	65,689	-
Other timing differences	-	-	-	-
	<u>64,515</u>	<u>-</u>	<u>65,689</u>	<u>-</u>
	=====	=====	=====	=====

	Deferred tax	
	£	
Movement during the year:		
Balance at beginning of the year	65,689	
Transfer to /(from) Profit and Loss Account	(1,174)	
	<u>64,515</u>	
Balance at the end of year	=====	

GARSDALE KNITWEAR LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2000

	2000 £	1999 £
11.INTEREST PAYABLE AND SIMILIAR CHARGES		
Interest payable under H.P. Contract	1,969	5,838
	<u>£ 1,969</u> =====	<u>£ 5,838</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.

14. POST BALANCE SHEET EVENTS

No post balnce sheet events have occured since 31 December 2000 which require reporting or disclosing in the accounts.