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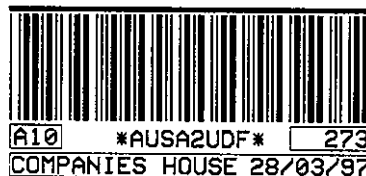
# GARSDALE KNITWEAR LIMITED

## *REPORT OF THE DIRECTORS AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1996*

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MANCHESTER  
M14 5HF

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

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# **GARSDALE KNITWEAR LIMITED**

## **REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 31 DECEMBER 1996**

The directors present their report on the affairs of the Company, together with the Financial Statements for the year ended 31 December 1996.

### **1. 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 profit or loss of the company for that period. In preparing those financial statement, 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 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.

# **GARSDALE KNITWEAR LIMITED**

## **REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 31 DECEMBER 1996**

### **3. DIRECTORS AND THEIR INTERESTS**

The directors who served during the year and the interests in the shares of the company of those serving at the end of the year were as follows:

	At 31 December 1996	At 31 December 1995
	Ordinary shares of £ 1 each	Ordinary shares of £ 1 each
MOHAMMAD ARSHAD	1,500	1,500
MOHAMMAD ANWAR	3,000	3,000
MOHAMMAD HANIF	1,325	1,325

### **5. AUDITORS**

The auditors, SADDIQUE & CO, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 31st August 1992.

The report was approved by the board on 18 February 1997. In preparing this report, the directors have taken advantage of special exemptions available to small companies.

**BY THE ORDER OF THE BOARD**

**SECRETARY**

*M. Anwar*

## **REPORT OF THE AUDITORS TO THE MEMBERS OF GARSDALE KNITWEAR LIMITED**

We have audited the financial statements set out on pages 5 to 11 which have been prepared under the historical cost convention and 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 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 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 the company's affairs as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the companies Act 1985 applicable to small companies.

78 Dickenson Road  
Rusholme  
Manchester M14 5HF

Date ...19.2.97

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

# GARSDALE KNITWEAR LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 1996

	Notes	1996 £	1995 £
<b>FIXED ASSETS</b>			
Tangible Assets	2	537,932	567,475
<b>CURRENT ASSETS</b>			
Stocks	1c	108,034	137,645
Debtors and prepayments	6	208,909	117,145
Cash in hand & at Bank		137,300	41,794
		<u>454,243</u>	<u>296,584</u>
		992,175	864,059
<b>CREDITORS:</b> Amounts due within one year	7	(469,314)	(303,025)
<b>NET CURRENT ASSETS</b>		<u>522,861</u>	<u>561,034</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
Amounts due after more than one year	8	(17,117)	(125,677)
<b>NET ASSETS</b>		<u>£505,744</u> =====	<u>£435,357</u> =====
<b>CAPITAL AND RESERVES:</b>			
Called-up Share Capital	9	9,000	9,000
Directors Loan Account		11,178	11,178
Retained Profit		417,036	351,311
Deferred Taxation	10	68,530	63,868
		<u>£505,744</u> =====	<u>£435,357</u> =====

The directors have taken advantage in preparing these accounts, of special exemptions available to small companies on the grounds that the company is a small company by virtue of Section 247 of the Companies Act 1985. These financial statements were approved by the board on 18 February 1997 and signed on its behalf by:

Mehar Anhad)

M. Hamif)

.....)

18 February 1997 Date

The accompanying notes form an integral part of these accounts.

**GARSDALE KNITWEAR LIMITED**  
**TRADING AND PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 1996**

	Notes	1996	1995
	£	£	£
<b>Sales</b>	1e	1,984,493	1,433,687
Insurance claim		69,530	-
		<u>2,054,023</u>	<u>1,433,687</u>
<b>Less: Cost of sales</b>		(1,767,470)	(1,153,603)
<b>Gross Profit</b>		<u>286,553</u>	<u>280,084</u>
Discounts Received		-	495
Profit on sale of motor vehicle		-	70
		<u>286,553</u>	<u>280,649</u>
Selling and Distribution Expenses	17,944		62,901
Administration Expenses	180,592	(198,536)	178,092
		<u>(198,536)</u>	<u>(240,993)</u>
Profit on ordinary activities before Taxation	4	88,017	39,656
Tax on profit on ordinary activities	5	(22,292)	(13,583)
Profit for the financial year		<u>65,725</u>	<u>26,073</u>
Dividends paid		-	(30,000)
Retained Profit Brought forward		351,311	355,238
<b>Retained Profit for the financial year</b>		<u>417,036</u> =====	<u>351,311</u> =====

# GARSDALE KNITWEAR LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1996

### 1. STATEMENT OF ACCOUNTING POLICIES

#### a) Basis of preparation of accounts

The financial statements are prepared under the historical cost convention.

The company has taken advantage of exemption in Financial Reporting Standard No.1 from the requirement to produce cashflow statement on the grounds that it is a small company.

#### 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

#### 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.



**GARSDALE KNITWEAR LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1996**

**2. 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 &amp; Machinery</u> £	<u>Fixtures &amp; Fittings</u> £	<u>Motor Vehicle</u> £	<u>TOTAL</u> £
<b>Cost as at 01/01/96</b>	63,575	929,293	28,078	22,408	1,043,354
<b>Additions at cost</b>	-	30,230	1,357	-	31,587
<b>Disposals at cost</b>	-	-	-	-	-
<b>Cost as at 31/12/96</b>	<u>63,575</u>	<u>959,523</u>	<u>29,435</u>	<u>22,408</u>	<u>1,074,941</u>
<b>Depreciation</b>					
Balance b/f	27,159	423,933	12,071	12,716	475,879
Adjustment for disposal	-	-	-	-	-
<b>Charge for the year</b>	2,543	53,559	2,605	2,423	61,130
<b>Depreciation as at 31/12/96</b>	<u>29,702</u>	<u>477,492</u>	<u>14,676</u>	<u>15,139</u>	<u>537,009</u>
<b>Net Book Value as at 31/12/96</b>	<u>33,873</u>	<u>482,031</u>	<u>14,759</u>	<u>7,269</u>	<u>537,932</u>
<b>Net book value As at 31/12/95</b>	<u>36,416</u>	<u>505,360</u>	<u>16,007</u>	<u>9,692</u>	<u>567,475</u>

# GARSDALE KNITWEAR LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1996

### 3. BANK OVERDRAFT

Bank overdraft facility is secured against Directors' personal guarantees as well as a fixed and floating charge over all the assets of the company.

1996	1995
£	£

### 4. PROFIT BEFORE TAXATION

The following items have been charged in arriving at this figure.

Directors Remuneration	63,300	57,900
Auditors Remuneration	1,950	1,850
Depreciation	61,130	64,750
	=====	=====

### 5. 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:-

Provision for Corporation Tax	17,630	3,317
Transfer to/(from) deferred taxation account	4,662	6,883
Under (Over) provision for previous year	-	3,383
	£22,292	£13,583
	=====	=====

### 6. DEBTORS AND PREPAYMENTS

Trade Debtors	176,381	112,117
Advanced Corporation Tax	11,692	4,192
A.C.T on directors Loan	836	836
Insurance claim	20,000	-
	£208,909	£117,145
	=====	=====

# GARSDALE KNITWEAR LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1996

	1996 £	1995 £
<b>7.CURRENT LIABILITIES:AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Trade Creditors	390,273	231,932
Others creditors and accruals	16,700	21,350
H.P.Creditors	23,463	13,444
Corporation Tax	17,630	664
Customs & Excise	21,248	35,635
	<u>£469,314</u>	<u>£303,025</u>
	=====	=====

## **8.CURRENT LIABILITIES:AMOUNTS FALLING DUE IN MORE THAN ONE YEAR**

H.P.Creditors	17,117	131,320
	<u>£17,117</u>	<u>£131,320</u>
	=====	=====

## **9.SHARE CAPITAL**

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

## **10.DEFERRED TAXATION ACCOUNT**

Balance Brought Forward	63,868	56,985
Transfer to Profit and Loss Account	4,662	6,883
	<u>£ 68,530</u>	<u>£ 63,868</u>
	=====	=====

# **GARSDALE KNITWEAR LIMITED**

## **NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 1996**

	1996 £	1995 £
<b>11.DIRECTORS' REMUNERATION</b>		
M.. ARSHAD	21,200	19,300
M..ANWAR	21,200	19,300
M. HANIF	21,200	19,300
	<u>£ 63,600</u> =====	<u>£ 57,900</u> =====

**12.**There were no capital commitments at the Balance Sheet date.

**13.**There have been no events since the Balance Sheet date which affect the position of the Company.