

WEARWELL (UK) LIMITED
ABBREVIATED FINANCIAL STATEMENTS

- year ended -

31 DECEMBER 2001



WEARWELL (UK) LIMITED
ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

C O N T E N T S

	Page
Company particulars	1
Report of the directors	2
Independent auditors' report	4
Abbreviated financial statements	
Abbreviated profit and loss account	5
Balance sheet	6
Cashflow statement	7
Notes to the abbreviated financial statements	8

WEARWELL (UK) LIMITED

(Registered in England No: 2993093)

DIRECTORS

D A Thompson
B Greasley

SECRETARY

B Greasley

REGISTERED OFFICE

Gagarin
Lichfield Road
TAMWORTH
Staffs
B79 7TR

AUDITORS

Smith Cooper
Wilmot House
St James Court
Friar Gate
DERBY
DE1 1BT

BANKERS

HSBC plc
Business Banking Centre
1 St James Court
Friar Gate
DERBY
DE1 1BT

WEARWELL (UK) LIMITED
REPORT OF THE DIRECTORS
YEAR ENDED 31 DECEMBER 2001

The directors present their annual report and audited financial statements for the year ended 31 December 2001.

PRINCIPAL ACTIVITY

The company's principal activity, which has remained unchanged throughout the year, is the manufacture and marketing of workwear within the United Kingdom.

CHIEF EXECUTIVE'S REPORT

The trading year 2001 was truly exciting with the company increasing its unit output, turnover and profits against intensive competition with extremely and somewhat desperate pricing by our major competitors especially large plc's.

The strong balance sheet reflects the excellent effort of the entire workforce to secure for Wearwell a firm and profitable position in its chosen markets.

REVIEW OF BUSINESS

A summary of the results of the year's trading is given on page 5 of the financial statements. The directors consider the result of the year to be satisfactory.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Company law requires the directors to prepare 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 year. 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 to operate.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

WEARWELL (UK) LIMITED
REPORT OF THE DIRECTORS - CONTINUED
YEAR ENDED 31 DECEMBER 2001

DIVIDEND

No dividends were paid during the year (2000: £6,714 on preference shares, £11,200 on 8% "A" ordinary shares). The directors propose that the retained profit for the year of £373,464 (2000: £135,197) be carried to reserves.

DIRECTORS' INTERESTS

The directors' who have held office during the year are listed on page 1. Their interest in the share capital of the company at the year end is as follows:

	2001 and 2000 Ordinary Shares
D A Thompson	10,714
B Greasley	5,403

Tecwear Limited, a company of which D A Thompson is a director and in which he retains a controlling interest, currently holds 98,572 ordinary shares which represents 67% of the company's voting rights.

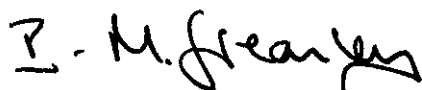
FIXED ASSETS

The movements in fixed assets during the year are summarised in note 7 to the financial statements.

AUDITORS

In accordance with Section 385(2) of the Companies Act 1985 a resolution proposing the re-appointment of Smith Cooper as auditors to the company will be put to the annual general meeting.

By Order of the Board



B GREASLEY
Secretary

WEARWELL (UK) LIMITED

**REPORT OF THE AUDITORS TO THE DIRECTORS OF WEARWELL (UK) LIMITED
PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated financial statements set out on pages 5 to 17 together with the annual financial statements of the Company for the year ended 31 December 2001.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the Company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246A(3) of the Companies Act 1985 and whether the abbreviated financial statements are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the annual financial statements, that the Company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements are properly prepared from those financial statements. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246A(3) of the Companies Act 1985, and the abbreviated financial statements to be delivered are properly prepared in accordance with that provision.

DERBY: 10 July 2002


SMITH COOPER
Registered Auditors
Chartered Accountants

WEARWELL (UK) LIMITED
ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

ABBREVIATED PROFIT AND LOSS ACCOUNT

	Note	2001	2000
GROSS PROFIT		1,260,384	1,053,079
Operating expenses		756,488	812,643
		<hr/>	<hr/>
OPERATING PROFIT	3	503,896	240,436
Interest payable and similar charges	4	13,494	14,211
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		490,402	226,225
TAXATION	6	116,938	73,114
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		373,464	153,111
DIVIDENDS	16	-	(17,914)
		<hr/>	<hr/>
PROFIT RETAINED FOR THE YEAR	17a	£373,464	£135,197
		<hr/>	<hr/>

All amounts relate to continuing activities.

The company has no recognised gains or losses for the year other than the profits disclosed above.

The notes on pages 8 to 17 form part of these financial statements.


WEARWELL (UK) LIMITED
ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

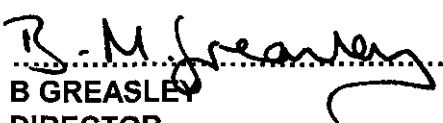
BALANCE SHEET

	Note	2001	2000
FIXED ASSETS			
Tangible assets	7	450,029	474,551
Investments	8	<u>1</u>	<u>-</u>
		450,030	474,551
CURRENT ASSETS			
Stocks and work in progress	9	1,245,253	953,326
Debtors	10	1,224,771	1,158,387
Cash at bank and in hand		<u>111,264</u>	<u>91,808</u>
		2,581,288	2,203,521
CREDITORS: Amounts falling due within one year	11	<u>1,169,528</u>	<u>1,146,532</u>
NET CURRENT ASSETS		<u>1,411,760</u>	<u>1,056,989</u>
		1,861,790	1,531,540
CREDITORS: Amounts falling due after more than one year	12	<u>78,854</u>	<u>122,068</u>
		£1,782,936	£1,409,472
CAPITAL AND RESERVES			
Called up share capital	14	146,178	146,178
Share premium account		132,943	132,943
Profit and loss account	17	739,656	366,192
Capital reserve		692,696	692,696
Capital redemption reserve	17	<u>71,463</u>	<u>71,463</u>
Equity Shareholders' Funds	15	£1,782,936	£1,409,472

The abbreviated financial statements have been prepared in accordance with special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The abbreviated financial statements were approved by the Board on 10 July 2002


D THOMPSON
DIRECTOR


B GREASLEY
DIRECTOR

The notes on pages 8 to 17 form part of these financial statements

WEARWELL (UK) LIMITED
ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

CASHFLOW STATEMENT	Note	2001	2000
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	203,620	884,264
RETURNS ON INVESTMENTS & SERVICING OF FINANCE			
Interest received		494	5,390
Interest paid		(13,988)	(19,601)
Dividend paid		-	(35,350)
TAXATION		(87,563)	(42,793)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(44,873)	(47,422)
ACQUISITIONS			
Payments to acquire investments		(1)	-
		<hr/>	<hr/>
		57,689	744,488
FINANCING			
Purchase of own equity shares		-	(514,725)
Purchase of preference shares		-	(134,285)
Repayment of amounts borrowed		(38,233)	(31,172)
NET INCREASE IN CASH	19	£19,456	£64,306
		<hr/>	<hr/>
Reconciliation to net debt		2001	2000
Net debt at 1 January		(63,512)	(158,990)
Increase in cash		19,456	64,306
Movement in borrowings		<u>38,233</u>	<u>31,172</u>
Net debt at 31 December		<hr/> £(5,823) <hr/>	<hr/> £(63,512) <hr/>

WEARWELL (UK) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards. The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

The company is exempt by virtue of S248 of the companies Act 1985 from the requirement to prepare group financial statements, as it is part of a medium group. The financial statements present information about the company as an individual company, and not the group.

TANGIBLE FIXED ASSETS

Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful lives on the following basis:

Freehold Property	4% per annum straight line
Plant & Machinery	10%-20% per annum straight line
Motor vehicles	25% per annum straight line
Office Equipment	10%-33% per annum straight line

DEFERRED TAXATION

Deferred taxation is provided on the liability method to take account of timing differences. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise. No discounting is applied to deferred taxation.

FOREIGN EXCHANGE

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the translation. Balances at the year end denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date.

LEASING

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

STOCKS AND WORK IN PROGRESS

Stock and work in progress is valued at the lower of cost, being net invoice value or cost of production to date, and net realisable value.

WEARWELL (UK) LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

1. ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

Fixed asset investments are stated at cost. Provision is made for any permanent diminution in the carrying value of the investment where necessary.

PENSIONS

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company

2. TURNOVER

Turnover represents sales to customers exclusive of value added tax and discounts allowed. Turnover arises entirely from the company's principal activity all of which is within the United Kingdom.

3. OPERATING PROFIT

The operating profit for the period, which all relate to continuing operations is stated after charging the following:

	2001	2000
Depreciation of owned tangible fixed assets	62,468	75,537
Directors' remuneration	34,693	31,647
Staff costs	1,936,655	1,802,636
Auditors' remuneration	8,000	7,500
Leasing charges - other	12,203	13,053
- property	51,502	55,749
Rental income	(6,187)	(3,813)
	<hr/>	<hr/>

One of the directors has benefits accruing under the defined benefit scheme (2000: one).

4. INTEREST PAYABLE

	2001	2000
On bank loans, overdrafts and other loans		
repayable within 5 years	8,098	6,650
On bank loans repayable after more than 5 years	5,890	12,951
Bank interest received	(494)	(5,390)
	<hr/>	<hr/>
	£13,494	£14,211

WEARWELL (UK) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

5. STAFF COSTS

The average weekly number of persons (including directors) employed by the company was as follows:

Production and sales	113	104
Management and administration	<u>13</u>	<u>13</u>
	126	117

The aggregate payroll costs of these persons were as follows:

Wages and salaries (including directors)	1,859,858	1,693,909
Social security costs	90,562	97,128
Pension costs	17,126	35,234
Health insurance	<u>3,802</u>	<u>8,012</u>
	<u>£1,971,348</u>	<u>£1,834,283</u>

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of charge for the year	2001	2000
	£	£
Current tax:		
UK corporation tax on profits of the year	117,375	88,000
Adjustments in respect of prior years	<u>(437)</u>	<u>(14,886)</u>
Total current tax (note 6b)	116,938	73,114
	<u>116,938</u>	<u>73,114</u>
Tax on profit on ordinary activities	116,938	73,114
	<u>116,938</u>	<u>73,114</u>
b) Factors affecting tax charge for the year	2001	2000
	£	£
Profit on ordinary activities at standard rate of tax 26.8% (2000: 26.9%)	131,428	60,859
Effect of:		
Expenses not deductible for tax purposes	3,938	4,166
Depreciation in excess of capital allowances	1,218	5,759
Short term timing differences	(6,881)	17,216
Tax losses surrendered by subsidiary company for which no payment made	(12,328)	-
Adjustment in respect of previous periods	<u>(437)</u>	<u>(14,886)</u>
Current tax charge for the year	116,938	73,114
	<u>116,938</u>	<u>73,114</u>

WEARWELL (UK) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

7. TANGIBLE FIXED ASSETS

COST	Freehold Property	Motor Vehicles	Office Equipment	Plant & Machinery	TOTAL
At 1 January 2001	435,000	142,226	101,889	160,173	839,288
Additions	-	448	28,221	16,204	44,873
Disposals	-	-	(10,060)	(27,446)	(37,506)
At 31 December 2001	<u>£435,000</u>	<u>£142,674</u>	<u>£120,050</u>	<u>£148,931</u>	<u>£846,655</u>
DEPRECIATION					
At 1 January 2001	70,674	100,794	92,504	100,765	364,737
Charge for year	14,109	15,328	17,072	15,959	62,468
Eliminated on disposal	-	-	(10,060)	(20,519)	(30,579)
At 31 December 2001	<u>£84,783</u>	<u>£116,122</u>	<u>£99,516</u>	<u>£ 96,205</u>	<u>£396,626</u>
NET BOOK VALUE					
At 31 December 2001	<u>£350,217</u>	<u>£26,552</u>	<u>£20,534</u>	<u>£52,726</u>	<u>£450,029</u>
At 31 December 2000	<u>£364,326</u>	<u>£41,432</u>	<u>£9,385</u>	<u>£59,408</u>	<u>£474,551</u>

8. INVESTMENTS

	Investment in subsidiary £
Additions and at 31 December 2001	<u>1</u>

The investment in the subsidiary represents a 100% holding in the issued share capital of Cuskit Limited, a company incorporated in England. Cuskit Limited commenced trading on 1 August 2001 and its principal activity is the provision of software and software support systems. At 31 December 2001 the deficit on capital and reserves of Cuskit Limited was £50,996 and its loss for the period then ended was £50,997.

9. STOCKS

	2001	2000
Raw materials and consumables	153,506	170,555
Goods for resale	756,366	517,208
Work in progress	<u>335,381</u>	<u>265,563</u>
	<u>£1,245,253</u>	<u>£953,326</u>

WEARWELL (UK) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

10. DEBTORS: Amounts falling due within one year	2001	2000
Trade debtors	1,159,408	1,117,801
Prepayments and accrued income	46,494	40,586
Amounts owed by group companies	<u>18,869</u>	<u>-</u>
	<u>£1,224,771</u>	<u>£1,158,387</u>

Amounts owed by group companies are unsecured, interest free and have no fixed repayment date.

11. CREDITORS: Amounts falling due within one year		
Bank loan (note12)	38,233	33,252
Trade creditors	642,128	640,595
Taxation and social security	102,322	106,730
Corporation tax	117,375	88,000
Accruals	246,675	277,955
Amounts owed to group companies	<u>22,795</u>	<u>-</u>
	<u>£1,169,528</u>	<u>£1,146,532</u>

Amounts owed to group companies are interest free, unsecured and have no fixed repayment date.

12. CREDITORS: Amounts falling due after more than one year		
Bank loan	<u>£78,854</u>	<u>£122,068</u>
Maturity of debt:		
In one year or less	38,233	33,252
Between one and two years	39,123	38,233
Between two and five years	<u>39,731</u>	<u>83,835</u>
	<u>£117,087</u>	<u>£155,320</u>

The bank loan is repayable in equal monthly instalments

WEARWELL (UK) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

13. SECURED LIABILITIES

Of amounts included in creditors, security has been given by the company in respect of the following liabilities:

	2001	2000
Bank loan	£117,087	£155,320
	<u> </u>	<u> </u>

The bank loan is secured against a first mortgage over the freehold property.

14. CALLED UP SHARE CAPITAL

	2001	2000
Authorised, allotted, issued and fully paid 146,178 Ordinary shares of £1 each	£146,178	£146,178
	<u> </u>	<u> </u>

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	2001	2000
	£	£
Opening shareholders funds	1,409,472	1,921,943
Result for the financial year	373,464	146,397
Share redemption	-	(68,108)
Dividends paid	-	(11,200)
Premium paid on share redemption	<u>-</u>	<u>(579,560)</u>
	<u>£1,782,936</u>	<u>£1,409,472</u>

16. DIVIDENDS

	2001	2000
Preference dividend paid and payable on Nil (2000: 134,285) shares @ £0.05p per share	-	6,714
Ordinary "A" £1 share dividend payable on 64,286 shares @ £Nil (2000: 0.174p)	<u>-</u>	<u>11,200</u>
	<u>£ -</u>	<u>£17,914</u>

WEARWELL (UK) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

17a. RESERVES – Profit & Loss Account

2001

At 1 January 2001	366,192
Profit for the year	373,464
	<hr/>

At 31 December 2001	£739,656
	<hr/>

17b. CAPITAL REDEMPTION RESERVE

As at 1 January 2001 and at 31 December 2001	£71,463
	<hr/>

18. CASH INFLOW FROM OPERATING ACTIVITIES

	2001	2000
Operating profit	503,896	240,436
Depreciation charge	62,468	75,536
(Increase) in stock	(291,927)	(42,815)
(Increase)/decrease in debtors	(66,384)	469,459
(Decrease)/increase in creditors	(11,360)	141,648
Loss on disposal of fixed assets	<u>6,927</u>	<u>-</u>
	<hr/>	<hr/>
	£203,620	£884,264
	<hr/>	<hr/>

19. RECONCILIATION OF MOVEMENT IN NET CASH

	2000	Cashflow	Non cash	2001
	£	£	changes	£
Cash and bank balances	91,808	19,456	-	111,264
		<hr/>		
Debt due within one year	(33,252)	33,252	(38,233)	(38,233)
Debt due after one year	(122,068)	4,981	38,233	(78,854)
	<hr/>	<hr/>	<hr/>	<hr/>
	(63,512)	57,689	-	(5,823)
	<hr/>	<hr/>	<hr/>	<hr/>

WEARWELL (UK) LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

20. RELATED PARTY TRANSACTIONS

During the year under review the company purchased goods, at arms length, to the value of £120,550 (2000: £104,300) from Tecwear Limited, a company of which Mr Thompson is a director and shareholder. £22,795 was due to Tecwear Limited at the year-end (2000: £Nil).

During the year the company had the following transactions with Cuskit Limited, a subsidiary company.

	£
Management charges received	2,500
Purchases from	10,000
Advances made	<u>27,682</u>

At 31 December 2001 there was an amount, of £18,869 due from Cuskit Limited.

21. COMMITMENTS & AUTHORISATIONS NOT PROVIDED

At 31 December 2001 the company had the following annual commitments in respect of operating leases.

OPERATING LEASES WHICH EXPIRE	2001	2000
Within two to five years:		
Property	£54,900	£54,900
	<u> </u>	<u> </u>

22. CONTINGENT LIABILITIES

The directors of the company are confident that there is no contingent liability arising out of any claims currently being made by employees against the company. These claims are being dealt with by the company's insurers and no additional liability is foreseen.

WEARWELL (UK) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

23. PENSION COSTS

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the attained age method. The most recent valuation was as at 1 January 2000. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 9% per annum, that salary increases would average 7.5% per annum and that present and future pensions would increase at the rate of 5% per annum.

The pension charge for the period was £35,216 (2000: £35,232). Contributions of £32,000 were outstanding at 31 December 2001 (2000: £50,000).

The most recent actuarial valuation showed that the market value of the scheme's assets was £217,000 and that the actuarial value of those assets represented 87.1% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the company will increase to 11.8% of earnings and employees will remain at 6% of earnings to remove the deficit over the remaining working lifetimes of the members.

The additional disclosures required under FRS17 "Retirement Benefits" transitional arrangements are as follows:

	2001
	£
Reconciliation of scheme assets and liabilities	
Fair value of scheme assets	217,000
Present value of scheme liabilities	(249,000)
	<hr/>
Deficit in the scheme	(32,000)
Related deferred tax asset	9,600
	<hr/>
Net pension liability	(22,400)
	<hr/>
Profit and loss reserve note:	
Profit and loss account excluding net pension liability	739,656
Pension reserve	(22,400)
	<hr/>
Profit and loss reserve including net pension liability	717,256
	<hr/>

WEARWELL (UK) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

23. PENSION COSTS (CONTINUED)

The actuaries have been unable to provide the details at 31 December 2001 required for the FRS 17 disclosure. However the directors consider that there have been no significant changes to the scheme since the last valuation and that the above information reasonably reflects the position of the scheme as at 31 December 2001.

24. ULTIMATE HOLDING COMPANY

The ultimate holding company is Tecwear Limited, which is registered in England.

25. CONTROLLING PARTY

The company is controlled by Mr D Thompson who retains a controlling interest in Tecwear Limited.