

**WEARWELL (UK) LIMITED**

**ABBREVIATED ACCOUNTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2003**



**WEARWELL (UK) LIMITED**

**COMPANY INFORMATION**

**DIRECTORS**

D A Thompson (resigned 17 Jan 2003)  
B Greasley  
Q Hughes (appointed 17 Jan 2003 & resigned 23 July 2003)  
G Clayton (appointed 17 Jan 2003)  
C Rooney (appointed 17 Jan 2003)

**SECRETARY**

B Greasley

**COMPANY NUMBER**

02993093

**REGISTERED OFFICE**

Gagarin, Lichfield Road  
Tamworth  
Staffordshire  
B79 7TR

**AUDITORS**

Smith Cooper  
Chartered Accountants & Registered Auditors  
Wilmot House  
St James Court  
Friar Gate  
Derby  
DE1 1BT

**WEARWELL (UK) LIMITED**

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## **WEARWELL (UK) LIMITED**

### **DIRECTORS' REPORT**

**For the year ended 31 December 2003**

The directors present their report and the financial statements for the year ended 31 December 2003.

#### **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 then 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.

#### **PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

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

The directors are satisfied with the results for the year and the year-end financial position and consider that the current level of trading will continue during the current year.

On 17th January 2003, the entire issued share capital of the company was acquired by Wearwell Group Limited. From this date the company became a wholly owned subsidiary.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £231,785 (2002 - £144,389) .

The directors do not recommend the payment of a dividend.

#### **DIRECTORS**

The directors who served during the year were:

D A Thompson (resigned 17 Jan 2003)

B Greasley

Q Hughes (appointed 17 Jan 2003 & resigned 23 July 2003)

G Clayton (appointed 17 Jan 2003)

C Rooney (appointed 17 Jan 2003)

The directors have no interest in the share capital of the company. The directors' interests in the share capital of the ultimate holding company are disclosed in the financial statements of that company.

**WEARWELL (UK) LIMITED**

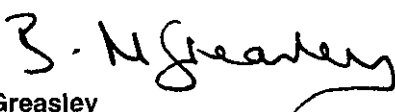
**DIRECTORS' REPORT**

**For the year ended 31 December 2003**

**AUDITORS**

The auditors, Smith Cooper, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 5 August 2004 and signed on its behalf.

  
B Greasley  
Secretary

## **WEARWELL (UK) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO WEARWELL (UK) LIMITED** **Under section 247B of the Companies Act 1985**

We have examined the abbreviated accounts of Wearwell (UK) Limited for the year ended 31 December 2003 set out on pages 4 to 16, together with the financial statements of the company for the year ended 31 December 2003 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors are responsible for preparing the abbreviated accounts 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 accounts prepared in accordance with section 246A(3) of the Act to the registrar and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

#### **BASIS OF AUDIT OPINION**

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. 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 accounts prepared in accordance with sections 246 A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 16 are properly prepared in accordance with those provisions.



**Smith Cooper**  
Chartered Accountants  
Registered Auditors

Wilmot House  
St James Court  
Friar Gate  
Derby  
DE1 1BT

Date: 5 August 2004

**WEARWELL (UK) LIMITED****ABBREVIATED PROFIT AND LOSS ACCOUNT**  
For the year ended 31 December 2003

	Note	2003 £	2002 £
<b>GROSS PROFIT</b>		<b>1,293,001</b>	<b>1,210,021</b>
Administrative expenses		<u>(949,368)</u>	<u>(971,636)</u>
<b>OPERATING PROFIT</b>	2	<b>343,633</b>	<b>238,385</b>
Interest receivable		2,600	1,507
Interest payable	5	<u>(38,278)</u>	<u>(11,648)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>307,955</b>	<b>228,244</b>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	6	<u>(76,170)</u>	<u>(83,855)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u><b>231,785</b></u>	<u><b>144,389</b></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2003 or 2002 other than those included in the profit and loss account.

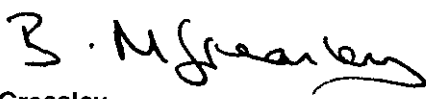
The notes on pages 7 to 16 form part of these financial statements.

**WEARWELL (UK) LIMITED**

**ABBREVIATED BALANCE SHEET**  
As at 31 December 2003

	Note	£	2003 £	£	2002 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	7		439,036		463,111
<b>CURRENT ASSETS</b>					
Stocks	8	1,144,546		1,114,219	
Debtors	9	2,777,223		1,349,172	
Cash at bank		9,088		216,620	
			<u>3,930,857</u>	<u>2,680,011</u>	
<b>CREDITORS:</b> amounts falling due within one year	10	(1,858,248)		(1,164,939)	
			<u>2,072,609</u>	<u>1,515,072</u>	
<b>NET CURRENT ASSETS</b>					
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			2,511,645		1,978,183
<b>CREDITORS:</b> amounts falling due after more than one year	11		(341,495)		(39,818)
<b>NET ASSETS</b>			<u>2,170,150</u>		<u>1,938,365</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		146,178		146,178
Share premium account			132,943		132,943
Capital redemption reserve			71,463		71,463
Other reserves			692,696		692,696
Profit and loss account	14		1,126,870		895,085
<b>SHAREHOLDERS' FUNDS - All Equity</b>	15		<u>2,170,150</u>		<u>1,938,365</u>

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium-sized companies, were approved by the board on 5 August 2004 and signed on its behalf.

  
**B Greasley**  
Director

The notes on pages 7 to 16 form part of these financial statements.



**WEARWELL (UK) LIMITED**

**ABBREVIATED CASH FLOW STATEMENT**  
For the year ended 31 December 2003

	<b>Note</b>	<b>2003</b> £	<b>2002</b> £
Net cash flow from operating activities	18	(895,029)	346,277
Returns on investments and servicing of finance	19	(35,678)	(10,141)
Taxation		(83,500)	(115,967)
Capital expenditure and financial investment	19	(33,781)	(76,278)
		<hr/>	<hr/>
<b>CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		<b>(1,047,988)</b>	<b>143,891</b>
Financing	19	280,608	(38,536)
		<hr/>	<hr/>
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<b>(767,380)</b>	<b>105,355</b>
		<hr/>	<hr/>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 20)**  
For the year ended 31 December 2003

	<b>2003</b> £	<b>2002</b> £
(Decrease)/Increase in cash in the year	(767,380)	105,355
Cash (inflow)/outflow from decrease in debt and lease financing	(280,608)	38,536
	<hr/>	<hr/>
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>(1,047,988)</b>	<b>143,891</b>
Net funds/(debt) at 1 January 2003	138,069	(5,822)
	<hr/>	<hr/>
<b>NET (DEBT)/FUNDS AT 31 DECEMBER 2003</b>	<b>(909,919)</b>	<b>138,069</b>
	<hr/>	<hr/>

The notes on pages 7 to 16 form part of these financial statements.

## **WEARWELL (UK) LIMITED**

### **NOTES TO THE ABBREVIATED ACCOUNTS**

For the year ended 31 December 2003

#### **1. ACCOUNTING POLICIES**

##### **1.1 Basis of preparation of financial statements**

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and are prepared in accordance with applicable accounting standards.

##### **1.2 Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

##### **1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold Buildings	-	4% straight line
Plant & Machinery	-	10-20% straight line
Motor Vehicles	-	25% straight line
Office Equipment	-	10-33% straight line

##### **1.4 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.

The company provides no other post retirement benefits.

##### **1.5 Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

##### **1.6 Deferred taxation**

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

##### **1.7 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 fixed and variable overheads.

##### **1.8 Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**WEARWELL (UK) LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS**  
**For the year ended 31 December 2003****2. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets:		
- owned by the company	<b>60,807</b>	69,639
Accountancy and audit	<b>8,500</b>	8,000
(Profit)/Loss on disposal on exchange	<b>(1,827)</b>	(60)
(Profit)/loss on disposal of fixed assets	<b>(11,846)</b>	(6,443)
Rental income	<b>(6,521)</b>	(4,950)
Operating lease charges - property	<b>58,500</b>	56,000
- other	<b>2,625</b>	3,181
	<b><u>          </u></b>	<b><u>          </u></b>

**3. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>1,233,656</b>	1,218,668
Social security costs	<b>87,922</b>	85,414
Other pension costs	<b>17,190</b>	40,659
	<b><u>          </u></b>	<b><u>          </u></b>
	<b><u>1,338,768</u></b>	<b><u>1,344,741</u></b>

The average monthly number of employees, including directors, during the year was as follows:

	<b>2003</b>	<b>2002</b>
	<b>No.</b>	<b>No.</b>
Production and sales	<b>106</b>	103
Management and administration	<b>14</b>	14
	<b><u>          </u></b>	<b><u>          </u></b>
	<b><u>120</u></b>	<b><u>117</u></b>

**4. DIRECTORS' REMUNERATION**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Emoluments	<b>126,241</b>	48,637
	<b><u>          </u></b>	<b><u>          </u></b>

During the year retirement benefits were accruing to 2 directors (2002 - 1) in respect of defined benefit pension schemes.

**5. INTEREST PAYABLE**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Interest payable on bank loans and overdrafts	<b>38,278</b>	11,648
	<b><u>          </u></b>	<b><u>          </u></b>

# WEARWELL (UK) LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS For the year ended 31 December 2003

### 6. TAXATION

	2003 £	2002 £
<b>Analysis of tax charge in year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profits of the year	96,000	83,500
Adjustments in respect of prior periods	-	(1,408)
<b>Total current tax</b>	<u>96,000</u>	<u>82,092</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(19,830)	1,763
<b>Total deferred tax</b> (see note 12)	<u>(19,830)</u>	<u>1,763</u>
<b>Tax on profit on ordinary activities</b>	<u>76,170</u>	<u>83,855</u>

#### Factors affecting tax charge for year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (29%). The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	<u>307,955</u>	<u>228,244</u>
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 29% (2002 - 28.15%)	89,307	64,251
<b>Effects of:</b>		
Expenses not deductible for tax purposes	(13,137)	21,012
Capital allowances for period in excess of depreciation	19,830	(1,763)
Adjustments to tax charge in respect of prior periods	-	(1,408)
<b>Current tax charge for year</b> (see note above)	<u>96,000</u>	<u>82,092</u>

There were no factors that may affect future tax charges.

# WEARWELL (UK) LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS For the year ended 31 December 2003

### 7. TANGIBLE FIXED ASSETS

	Land and buildings	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2003	435,000	156,050	125,623	124,427	841,100
Additions	-	-	45,400	7,880	53,280
Disposals	-	-	(67,976)	-	(67,976)
At 31 December 2003	<u>435,000</u>	<u>156,050</u>	<u>103,047</u>	<u>132,307</u>	<u>826,404</u>
<b>Depreciation</b>					
At 1 January 2003	97,826	111,106	53,381	115,676	377,989
Charge for the year	13,044	16,910	25,490	5,363	60,807
On disposals	-	-	(51,428)	-	(51,428)
At 31 December 2003	<u>110,870</u>	<u>128,016</u>	<u>27,443</u>	<u>121,039</u>	<u>387,368</u>
<b>Net book value</b>					
At 31 December 2003	<u>324,130</u>	<u>28,034</u>	<u>75,604</u>	<u>11,268</u>	<u>439,036</u>
At 31 December 2002	<u>337,174</u>	<u>44,944</u>	<u>72,242</u>	<u>8,751</u>	<u>463,111</u>

### 8. STOCKS

	2003 £	2002 £
Raw materials	150,209	163,725
Work in progress	295,745	321,882
Finished goods and goods for resale	698,592	628,612
	<u>1,144,546</u>	<u>1,114,219</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

# WEARWELL (UK) LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS For the year ended 31 December 2003

### 9. DEBTORS

	2003 £	2002 £
<b>Due within one year</b>		
Trade debtors	1,578,777	1,290,743
Amounts owed by group undertakings (note 22)	1,120,028	-
Prepayments and accrued income	49,311	49,152
Deferred tax asset (see note 12)	29,107	9,277
	<u>2,777,223</u>	<u>1,349,172</u>

Included within amounts due from group undertakings is £1,097,783 which was a loan made by the company to Wearwell Group Limited to provide financial assistance to purchase the shares of the company.

### 10. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts (note 12)	577,512	38,733
Trade creditors	746,095	508,598
Corporation tax	96,000	83,500
Social security and other taxes	147,372	137,734
Other creditors	28,522	-
Accruals and deferred income	262,747	396,374
	<u>1,858,248</u>	<u>1,164,939</u>

### 11. CREDITORS: Amounts falling due after more than one year

	2003 £	2002 £
Bank loans	<u>341,495</u>	<u>39,818</u>

Included within the above are amounts falling due as follows:

	2003 £	2002 £
<b>Between two and five years</b>		
Bank loans	<u>70,656</u>	<u>39,818</u>
<b>Over five years</b>		
Bank loans	<u>270,839</u>	<u>-</u>

**WEARWELL (UK) LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS**

For the year ended 31 December 2003

**11. CREDITORS:****Amounts falling due after more than one year (continued)**

Creditors include amounts not wholly repayable within 5 years as follows:

	2003 £	2002 £
Repayable by instalments	<u>270,839</u>	<u>-</u>

The bank loan and overdraft is secured by a mortgage over the freehold property and by a fixed and floating charge over the assets of the company.

**12. DEFERRED TAXATION**

	2003 £	2002 £
At 1 January 2003	9,277	9,277
Released during the year	<u>19,830</u>	<u>-</u>
At 31 December 2003	<u>29,107</u>	<u>9,277</u>

The deferred tax asset is made up as follows:

	2003 £	2002 £
Depreciation in advance of capital allowances	5,257	7,075
Other timing differences	<u>23,850</u>	<u>2,202</u>
	<u>29,107</u>	<u>9,277</u>

**13. SHARE CAPITAL**

	2003 £	2002 £
<b>Authorised, allotted, called up and fully paid</b>		
146,178 Ordinary shares shares of £1 each	<u>146,178</u>	<u>146,178</u>

**14. RESERVES**

	£
<b>Profit and loss account</b>	
At 1 January 2003	895,085
Profit retained for the year	<u>231,785</u>
At 31 December 2003	<u>1,126,870</u>

# WEARWELL (UK) LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

For the year ended 31 December 2003

### 15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the year	231,785	144,389
	<u>231,785</u>	<u>144,389</u>
Opening shareholders' funds	1,938,365	1,793,976
Closing shareholders' funds	<u>2,170,150</u>	<u>1,938,365</u>

### 16. PENSION COMMITMENTS

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 at 1 January 2003. 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 investments returns would be 6.5% per annum, that salary increases would average 4.5% per annum and that present and future pensions would increase at the rate of 5% per annum.

The pension charge for the period was £29,557 (2002: £40,659). Contributions of £62,273 were outstanding at 31 December 2003 (2002: £32,273).

The most recent actuarial valuation showed that the market value of the scheme's assets was £302,400 and that the actuarial value of those assets represented 66.2% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the company will increase to 26% 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 FRS 17 "Retirement Benefits" transitional arrangements are as follows:

	2003 £	2002 £
Fair value of scheme assets	302,400	217,000
Present value of scheme liabilities	(456,600)	(249,000)
Related deferred tax asset	29,000	9,600
	<u>(125,200)</u>	<u>(22,400)</u>
Net pension liability		
<b>Profit and loss reserve note</b>		
Profit and loss account excluding pension liability	1,126,870	895,085
Pension reserve	(125,200)	(22,400)
<b>Profit and loss reserve including net pension liability</b>	<u>1,001,670</u>	<u>872,685</u>

The actuaries have been unable to provide the details as at 31 December 2003 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 2003.



**WEARWELL (UK) LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS**  
For the year ended 31 December 2003

**17. CONTINGENT LIABILITIES**

The company has given an unlimited guarantee to secure the banks borrowings of other companies in the group. At 31 December 2003 group borrowing amounted to £1,245,968.

**18. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2003 £	2002 £
Operating profit	343,633	238,385
Depreciation of tangible fixed assets	60,807	69,639
Profit on disposal of tangible fixed assets	(2,951)	(6,443)
(Increase)/decrease in stocks	(30,327)	131,034
Increase in debtors	(288,193)	(115,124)
Increase in amounts owed by group undertakings	(1,120,028)	-
Increase in creditors	142,030	28,786
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATIONS</b>	<b>(895,029)</b>	<b>346,277</b>

**19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2003 £	2002 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	2,600	1,507
Interest paid	(38,278)	(11,648)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>(35,678)</b>	<b>(10,141)</b>
	2003 £	2002 £
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Purchase of tangible fixed assets	(53,280)	(82,753)
Sale of tangible fixed assets	19,499	6,475
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>	<b>(33,781)</b>	<b>(76,278)</b>
	2003 £	2002 £
<b>FINANCING</b>		
New secured loans	310,000	-
Repayment of loans	(29,392)	(38,536)
<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING</b>	<b>280,608</b>	<b>(38,536)</b>

# WEARWELL (UK) LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS For the year ended 31 December 2003

### 20. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2003 £	Cash flow £	Other non-cash changes £	1 December 2003 £
Cash at bank and in hand:	216,620	(207,532)	-	9,088
Bank overdraft	-	(559,848)	-	(559,848)
	<u>216,620</u>	<u>(767,380)</u>	<u>-</u>	<u>(550,760)</u>
<b>DEBT :</b>				
Debts due within one year	(38,733)	21,069	-	(17,664)
Debts falling due after more than one year	(39,818)	(301,677)	-	(341,495)
	<u>(78,551)</u>	<u>(280,608)</u>	<u>-</u>	<u>(359,159)</u>
<b>NET FUNDS/(DEBT)</b>	<u>138,069</u>	<u>(1,047,988)</u>	<u>-</u>	<u>(909,919)</u>

### 21. OPERATING LEASE COMMITMENTS

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2003 £	2002 £	2003 £	2002 £
<b>Expiry date:</b>				
Within 1 year	-	-	2,625	556
Between 2 and 5 years	58,500	56,000	-	2,625
	<u>58,500</u>	<u>56,000</u>	<u>-</u>	<u>3,181</u>

### 22. RELATED PARTY TRANSACTIONS

During the year the company purchased goods with a value of £54,747 (2002: £72,625) from Cuskit Limited, a company in which B M Greasley is a director and shareholder. There was no balance outstanding in respect of these at 31 December 2003.

During the year motor vehicles were sold by the company to C Rooney and G Clayton, directors for £5,370 and £10,025 respectively which were their market values.

During the year the company paid management charges of £275,000 to Wearwell Group Limited, the parent undertaking. At 31 December 2003 there was a loan from the company to Wearwell Group Limited of £1,097,783. This loan is unsecured, interest free and has no fixed repayment date.

At 31 December 2003 there was an amount of £22,245 due to the company from Tecwear Limited, a fellow subsidiary. This loan is unsecured, interest free and has no fixed repayment date.

At 31 December 2003 there was an amount of £28,522 due from the company to B Greasley, a director. This loan is unsecured, carries interest at a rate of 2% over base rate and has no fixed repayment date.

**WEARWELL (UK) LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS**

**For the year ended 31 December 2003**

**23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

At 31 December 2003, the immediate and ultimate parent undertaking was Wearwell Group Limited, a company registered in England.

At 31 December 2003, the ultimate controlling party was by Mrs B Greasley by virtue of her 50.25% interest in the equity capital of Wearwell Group Limited.