

**NALESTAR LIMITED**  
**ANNUAL REPORT**  
**YEAR ENDED 30 APRIL 2001**

PKF



# **NALESTAR LIMITED**

## **COMPANY INFORMATION**

<b>Directors</b>	I Gupta T Purcell
<b>Secretary</b>	A Desai
<b>Company Number</b>	1255101
<b>Auditors</b>	PKF Sovereign House Queen Street Manchester M2 5HR

# NALESTAR LIMITED

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**NALESTAR LIMITED**  
**DIRECTORS' REPORT**  
**YEAR ENDED 30 APRIL 2001**

The directors submit their report and the financial statements for the year ended 30 April 2001.

**Results and dividends**

The profit for the year, after taxation, amounted to £266,545 (2000 - £188,612 ).

The directors recommend a dividend of £75,000 leaving a balance of £191,545 which is transferred to retained reserves.

**Principal activity and review of business**

The principal activity of the company during the year continued to be that of manufacturers of industrial workwear and overalls.

The directors are satisfied with the company's position at the year end, and consider the company to be well placed for the future.

**Directors**

The directors who served during the year were:

I Gupta  
T Purcell

None of the directors had any interest in the share capital of the company. T Purcell is a director of the ultimate parent undertaking, Wrengate Limited. His interests in the shares of Wrengate Limited are shown in that company's accounts.

**Auditors**

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

18th Sept. 01

By order of the board



**A Desai**  
Secretary

# **NALESTAR LIMITED**

## **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 judgments 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 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.

The directors are responsible for ensuring that the directors' report is prepared in accordance with company law in the United Kingdom.

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NALESTAR LIMITED**

We have audited the financial statements of Nalestar Limited for the year ended 30 April 2001 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of opinion**

We conducted our audit in accordance with United Kingdom 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 judgments 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 30 April 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

28.9.01.

Manchester, UK

**PKF**

Registered Auditors

**NALESTAR LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30 APRIL 2001**

	Notes	2001 £	2000 £
<b>TURNOVER</b>	<b>2</b>	<b>1,721,779</b>	<b>1,885,210</b>
Cost of sales		<u>(950,970)</u>	<u>(1,008,538)</u>
<b>GROSS PROFIT</b>		<b>770,809</b>	<b>876,672</b>
Distribution costs		(54,273)	(51,278)
Administrative expenses		<u>(533,880)</u>	<u>(576,033)</u>
<b>OPERATING PROFIT</b>	<b>3</b>	<b>182,656</b>	<b>249,361</b>
Income from shares in group undertakings		124,822	-
Interest receivable and similar items	<b>6</b>	30,265	19,278
Amounts written off investments		<u>(12,112)</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>325,631</b>	<b>268,639</b>
<b>TAXATION</b>	<b>7</b>	<b>(59,086)</b>	<b>(80,027)</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>266,545</b>	<b>188,612</b>
<b>DIVIDENDS</b>	<b>8</b>	<b>(75,000)</b>	<b>(75,000)</b>
		<u><b>191,545</b></u>	<u><b>113,612</b></u>

All amounts relate to continuing operations.

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

**NALESTAR LIMITED**  
**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

	2001 £	2000 £
Reported profit on ordinary activities before taxation	325,631	268,639
Difference between a historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	813	813
<b>Historical cost profit on ordinary activities before taxation</b>	<u><u>326,444</u></u>	<u><u>269,452</u></u>
 <b>Historical cost profit for the year retained after taxation</b>	 <u><u>192,358</u></u>	 <u><u>114,425</u></u>



**NALESTAR LIMITED**  
**BALANCE SHEET**  
**30 APRIL 2001**

	Notes	2001 £	2000 £
<b>FIXED ASSETS</b>			
Tangible	9	233,352	218,315
Investments	10	-	12,112
		<u>233,352</u>	<u>230,427</u>
<b>CURRENT ASSETS</b>			
Stocks	11	183,924	204,599
Debtors	12	265,629	284,440
Cash at bank and in hand		666,960	675,709
		<u>1,116,513</u>	<u>1,164,748</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(315,967)</u>	<u>(552,822)</u>
<b>NET CURRENT ASSETS</b>		<u>800,546</u>	<u>611,926</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,033,898</u>	<u>842,353</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	<u>(1,830)</u>	<u>(1,830)</u>
<b>NET ASSETS</b>		<u>1,032,068</u>	<u>840,523</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	50,000	50,000
Revaluation reserve	16	38,497	39,310
Profit and loss account	16	943,571	751,213
<b>SHAREHOLDERS' FUNDS</b>	17	<u>1,032,068</u>	<u>840,523</u>

The financial statements were approved by the board on

Signed on behalf of the board of directors

I. GUPTA

Director

18<sup>th</sup> Sept. 01

**NALESTAR LIMITED**  
**CASH FLOW STATEMENT**  
**YEAR ENDED 30 APRIL 2001**

	2001 £	2000 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit	182,656	249,361
Depreciation of tangible fixed assets	21,549	20,199
Profit on sale of fixed assets	(1,370)	-
Decrease in debtors	18,811	122,349
Decrease in stocks	20,675	41,891
(Decrease)/increase in creditors	(95,545)	47,403
<b>Net cash inflow from operating activities</b>	<u>146,776</u>	<u>481,203</u>
 <b>CASH FLOW STATEMENT (note 18)</b>		
Net cash inflow from operating activities	146,776	481,203
Returns on investments and servicing of finance	30,265	19,278
Taxation	(75,574)	(78,952)
Capital expenditure	(35,216)	(17,035)
Acquisitions and disposals	-	1,060
Equity dividends paid	(75,000)	(100,000)
<b>(Decrease)/increase in cash</b>	<u>(8,749)</u>	<u>305,554</u>
 <b>Reconciliation of net cash flow to movement in net debt (note 19)</b>		
(Decrease)/increase in cash in the period	(8,749)	305,554
Net debt at 1 May 2000	675,709	370,155
<b>Net debt at 30 April 2001</b>	<u>666,960</u>	<u>675,709</u>

**NALESTAR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2001**

**1 ACCOUNTING POLICIES**

**(a) Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of (enter description of revalued assets here), and in accordance with applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

**(b) Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

**(c) Tangible fixed assets and depreciation**

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

Freehold buildings	2 % on cost
Motor vehicles	25 % reducing balance
Plant and machinery	25 % reducing balance
Freehold land is not depreciated.	

**(d) Investments**

Investments are stated at cost less any provision for impairment.

**(e) Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis, and includes all direct costs incurred and attributable production overheads. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

**(f) Deferred taxation**

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

**(g) Pensions**

The company operates a defined contribution pension scheme and the pension charge in the profit and loss account represents the amounts payable by the company to the fund in respect of the year.

**2 TURNOVER**

Turnover is attributable to one class of business.

All turnover arose within the United Kingdom.

**NALESTAR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2001**

**3 OPERATING PROFIT**

The operating profit is stated after charging:

	2001 £	2000 £
Depreciation of tangible fixed assets:		
- owned by the company	21,549	20,199
Audit fees	4,500	3,250
Operating lease rentals:		
- plant & machinery	1,459	1,459
Pension cost	5,683	5,676
Profit on disposal of fixed assets	1,370	-
	<u>          </u>	<u>          </u>

**4 DIRECTORS' EMOLUMENTS AND BENEFITS**

	2001 £	2000 £
Directors' emoluments	54,000	42,000
	<u>          </u>	<u>          </u>

No directors (2000 - none) were members of company pension schemes.

**5 STAFF COSTS**

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

	2001 £	2000 £
Wages and salaries	305,494	335,036
Social security costs	20,517	22,063
Other pension costs	5,683	5,676
	<u>331,694</u>	<u>362,775</u>

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

	No	No
Administration	3	3
Production	28	28
Sales	1	2
	<u>32</u>	<u>33</u>

**6 INTEREST RECEIVABLE AND SIMILAR ITEMS**

	2001 £	2000 £
Other interest receivable	30,265	19,278
	<u>          </u>	<u>          </u>

**NALESTAR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2001**

**7 TAXATION**

	2001 £	2000 £
<b>UK corporation tax</b>		
Current tax on income for the period	45,618	79,273
Adjustments in respect of prior periods	13,468	(28)
Total UK taxation	<u>59,086</u>	<u>79,245</u>
 <b>Deferred tax</b>		
Current tax on income for the period	-	782
 <b>Tax on profit on ordinary activities</b>	<u><u>59,086</u></u>	<u><u>80,027</u></u>

**8 DIVIDENDS**

	2001 £	2000 £
<b>Ordinary shares</b>		
Interim paid of £1.50 per share (2000: £1.50)	<u>75,000</u>	<u>75,000</u>
 of which:		
Dividends on equity shares	<u><u>75,000</u></u>	<u><u>75,000</u></u>

**NALESTAR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2001**

**9 TANGIBLE FIXED ASSETS**

	Freehold land & buildings £	Plant & machinery £	Fixtures & fittings £	Total £
<b>Cost or valuation</b>				
At 1 May 2000	165,000	230,826	38,745	434,571
Additions	-	40,456	-	40,456
Disposals	-	(13,375)	-	(13,375)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2001	165,000	257,907	38,745	461,652
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 May 2000	5,500	175,607	35,149	216,256
Charge for year	3,300	17,431	818	21,549
On disposals	-	(9,505)	-	(9,505)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2001	8,800	183,533	35,967	228,300
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book amount</b>				
At 30 April 2001	156,200	74,374	2,778	233,352
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2000	159,500	55,219	3,596	218,315
	<hr/>	<hr/>	<hr/>	<hr/>

Freehold property was revalued on 17 July 1998 on an open market basis by Eckersley & Co of Preston by £40,665 to £165,000.

On the historical cost basis, land and buildings would have been included as follows:

	2001 £	2000 £
Cost	124,335	124,335
Cumulative depreciation	16,579	14,092
	<hr/>	<hr/>
Net book amount	140,914	138,427
	<hr/>	<hr/>

**NALESTAR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2001**

**10 FIXED ASSET INVESTMENTS**

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 May 2000 and 30 April 2001	12,112
<b>Provisions</b>	
At 1 May 2000	-
Charge to profit and loss	12,112
At 30 April 2001	12,112
<b>Net book amount</b>	
At 30 April 2001	-
At 30 April 2000	12,112

Investments include an investment in J & A Ashworth Limited, a company incorporated in England, comprising a holding of 100% of its issued ordinary capital.

**11 STOCKS**

	2001 £	2000 £
Raw materials	183,924	204,599

**12 DEBTORS**

	2001 £	2000 £
<b>Due within one year</b>		
Trade debtors	265,629	284,440
	265,629	284,440

**NALESTAR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2001**

**13 CREDITORS**

	2001 £	2000 £
<b>Amounts falling due within one year</b>		
Trade creditors	143,623	187,967
Amounts owed to group undertakings	43,550	180,434
Corporation tax	45,618	62,106
Other tax and social security	42,290	47,315
Proposed dividends	-	75,000
Other creditors	40,886	-
	<u>315,967</u>	<u>552,822</u>

**14 PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred taxation £
At 1 May 2000	1,830
At 30 April 2001	<u>1,830</u>

Deferred tax is analysed as follows:

	Provided		Not provided	
	2001 £	2000 £	2001 £	2000 £
Capital allowances	<u>1,830</u>	<u>1,830</u>	<u>-</u>	<u>-</u>

**15 SHARE CAPITAL**

	Authorised £	Allotted, called up and fully paid	
		No	£
At 1 May 2000 and 30 April 2001			
Ordinary shares of £1 each	<u>100,000</u>	<u>50,000</u>	<u>50,000</u>



**NALESTAR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2001**

**16 RESERVES**

<b>Revaluation reserve</b>	<b>£</b>
At 1 May 2000	39,310
Depreciation transferred from profit and loss account	(813)
At 30 April 2001	<u>38,497</u>
<b>Profit and loss account</b>	<b>£</b>
At 1 May 2000	751,213
Profit for the year	266,545
Dividends	(75,000)
Depreciation transferred to revaluation reserve	813
At 30 April 2001	<u>943,571</u>

**17 SHAREHOLDERS' FUNDS**

	2001	2000
	£	£
Shareholders' funds at 1 May 2000	840,523	726,911
Profit for the year	266,545	188,612
Dividends	(75,000)	(75,000)
Shareholders' funds at 30 April 2001	<u>1,032,068</u>	<u>840,523</u>

**18 GROSS CASH FLOWS**

	2001	2000
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	30,265	19,278
	<u>30,265</u>	<u>19,278</u>
<b>Taxation</b>		
Corporation tax paid	(75,574)	(78,952)
	<u>(75,574)</u>	<u>(78,952)</u>
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(40,456)	(17,035)
Receipts from sales of tangible fixed assets	5,240	-
	<u>(35,216)</u>	<u>(17,035)</u>
<b>Acquisitions and disposals</b>		
Net cash acquired from subsidiary undertakings	-	1,060
	<u>-</u>	<u>1,060</u>

**NALESTAR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2001**

**19 ANALYSIS OF CHANGES IN NET DEBT**

	At 1 May 2000 £	Cash flows £	Other changes £	At 30 April 2001 £
Cash at bank and in hand	675,709	(8,749)	-	666,960
Total	<u>675,709</u>	<u>(8,749)</u>	<u>-</u>	<u>666,960</u>

**20 TRANSACTIONS WITH RELATED PARTIES**

The company had the following transactions with related parties who are all members of the Wrengate group of companies.

Included within creditors is an amount due to related parties of £175,777. This was made up of £43,551 (2000: £46,660) due to Northenden Textiles Limited, £7,404 (2000: £1,003) due to P & R Fabrics Limited - fellow subsidiaries of Wrengate group of companies.

The company also made purchases of £204,868 (2000: £231,858) from Northenden Textiles Limited, and of £31,978 (2000: £17,529) from P & R Fabrics Limited. The company also paid management charge of £54,000 (2000: £42,000) to J Milom Limited, the 100% parent of Nalestar Limited.

**21 PENSION COSTS**

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. The pension cost charge for the year is shown in note 5.

**22 PARENT UNDERTAKINGS AND CONTROLLING PARTIES**

The parent undertaking of the largest and smallest groups for which consolidated accounts are prepared is Wrengate Limited. Consolidated accounts are available from Companies House, Cardiff, CF4 3UZ.

In the opinion of the directors this is the company's ultimate parent company and ultimate controlling party.