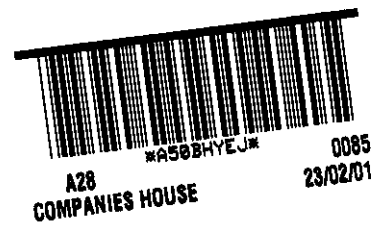


**NALESTAR LIMITED**  
**ANNUAL REPORT**  
**YEAR ENDED 30 APRIL 2000**

**PANNELL KERR FORSTER**



**NALESTAR LIMITED**

**COMPANY INFORMATION**

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

**NALESTAR LIMITED**

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**NALESTAR LIMITED  
DIRECTORS' REPORT  
YEAR ENDED 30 APRIL 2000**

The directors submit their report and the financial statements for the year ended 30 April 2000.

**Results and dividends**

The profit for the year, after taxation, amounted to £188,612 (1999 - £125,198 ).

The directors recommend a dividend of £75,000 leaving a balance of £113,612 which is transferred to 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 company incorporated the trade, assets and liabilities of its subsidiary J & A Ashworth Limited at the beginning of the financial year.

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 and their interests in the company's issued share capital at the balance sheet date and at the start of the year were:

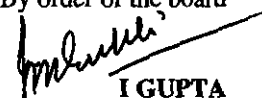
	Ordinary shares	
	2000	1999
I Gupta	-	-
T Purcell	-	-

T Purcell is a director of the ultimate parent undertaking, Wrengate Limited. His interest in the shares of Wrengate Limited are shown in that company's accounts.

**Auditors**

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

By order of the board

  
**I GUPTA**  
Director

21 August 2000

**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 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 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.

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

We have audited the financial statements on pages 4 to 14 which have been prepared under the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 2 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 affairs of the company as at 30 April 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*20 August 2000*  
Manchester

  
**PANNELL KERR FORSTER**  
Registered Auditors

**NALESTAR LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30 APRIL 2000**

	Notes	Year ended 30 April 2000 £	Eight months ended 30 April 1999 £
<b>TURNOVER</b>	<b>2</b>	<b>1,885,210</b>	<b>1,499,594</b>
Cost of sales		(1,008,538)	(915,373)
<b>GROSS PROFIT</b>		<b>876,672</b>	<b>584,221</b>
Distribution costs		(51,278)	(234,034)
Administrative expenses		(576,033)	(178,241)
<b>OPERATING PROFIT</b>	<b>3</b>	<b>249,361</b>	<b>171,946</b>
Interest receivable and similar items	<b>6</b>	19,278	10,156
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>268,639</b>	<b>182,102</b>
<b>TAXATION</b>	<b>7</b>	<b>(80,027)</b>	<b>(56,904)</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>188,612</b>	<b>125,198</b>
<b>DIVIDENDS</b>	<b>8</b>	<b>(75,000)</b>	<b>(100,000)</b>
		<b>113,612</b>	<b>25,198</b>

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**

	Year ended 30 April 2000 £	Eight months ended 30 April 1999 £
Reported profit on ordinary activities before taxation	268,639	182,102
Realisation of property revaluation gains		
Difference between a historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	813	542
<b>Historical cost profit on ordinary activities before taxation</b>	<u>269,452</u>	<u>182,644</u>
<b>Historical cost profit for the year retained after taxation</b>	<u>114,425</u>	<u>25,740</u>

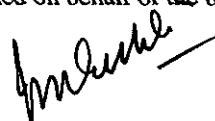


**NALESTAR LIMITED**  
**BALANCE SHEET**  
**30 APRIL 2000**

	Notes	£	2000 £	£	1999 £
<b>FIXED ASSETS</b>					
Tangible	9		218,315		216,934
Investments	10		12,112		12,112
			<u>230,427</u>		<u>229,046</u>
<b>CURRENT ASSETS</b>					
Stocks	11	204,599		232,538	
Debtors	12	284,440		416,323	
Cash at bank and in hand		675,709		370,155	
		<u>1,164,748</u>		<u>1,019,016</u>	
<b>CREDITORS: amounts falling due within one year</b>	13	(552,822)		(520,103)	
<b>NET CURRENT ASSETS</b>			<u>611,926</u>		<u>498,913</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>842,353</u>		<u>727,959</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14		(1,830)		(1,048)
<b>NET ASSETS</b>			<u>840,523</u>		<u>726,911</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		50,000		50,000
Revaluation reserve	16		39,310		40,123
Profit and loss account	16		751,213		636,788
<b>SHAREHOLDERS' FUNDS</b>	17		<u>840,523</u>		<u>726,911</u>

The financial statements were approved by the board on 21 August 2000

Signed on behalf of the board of directors

  
I Gupta

Director

**NALESTAR LIMITED**  
**CASH FLOW STATEMENT**  
**YEAR ENDED 30 APRIL 2000**

	Year ended 30 April 2000 £	Eight months ended 30 April 1999 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit	249,361	171,946
Depreciation of tangible fixed assets	20,199	13,031
Profit on sale of fixed assets	-	(1,194)
Decrease/(increase) in debtors	122,349	(22,766)
Decrease in stocks	41,891	48,960
Increase in creditors	47,403	5,001
<b>Net cash inflow from operating activities</b>	<u>481,203</u>	<u>214,978</u>
 <b>CASH FLOW STATEMENT (note 18)</b>		
Net cash inflow from operating activities	481,203	214,978
Returns on investments and servicing of finance	19,278	10,156
Taxation	(78,952)	(60,432)
Capital expenditure	(17,035)	42,000
Acquisitions and disposals	1,060	-
Equity dividends paid	(100,000)	-
<b>Increase in cash</b>	<u>305,554</u>	<u>206,702</u>
 <b>Reconciliation of net cash flow to movement in net funds (note 19)</b>		
Increase in cash in the period	305,554	206,702
Net funds at 1 May 1999	370,155	163,453
<b>Net funds at 30 April 2000</b>	<u>675,709</u>	<u>370,155</u>

**NALESTAR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2000**

**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 freehold property, 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
Fixtures and fittings	25 % reducing balance
Plant and machinery	25 % reducing balance
Motor vehicles	25 % reducing balance

Freehold land is not depreciated.

**(d) 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.

**(e) Deferred taxation**

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

**(f) 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 2000**

**3 OPERATING PROFIT**

The operating profit is stated after charging:

	Year ended 30 April 2000 £	Eight months ended 30 April 1999 £
Depreciation of tangible fixed assets:		
- owned by the company	20,199	13,031
Audit fees	3,250	1,500
Operating lease rentals:		
- plant & machinery	1,459	867
Pension cost	5,676	3,869
Profit on disposal of previously acquired fixed asset	-	(1,194)
	<u>          </u>	<u>          </u>

**4 DIRECTORS' EMOLUMENTS AND BENEFITS**

	Year ended 30 April 2000 £	Eight months ended 30 April 1999 £
Directors' emoluments	42,000	22,483
Contributions to money purchase pension schemes	-	3,686
	<u>          </u>	<u>          </u>

No directors (1999 - none) were members of company pension schemes.

**5 STAFF COSTS**

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

	Year ended 30 April 2000 £	Eight months ended 30 April 1999 £
Wages and salaries	335,036	216,251
Social security costs	22,063	17,783
Other pension costs	5,676	3,869
	<u>          </u>	<u>          </u>
	362,775	237,903
	<u>          </u>	<u>          </u>

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

	No	No
Administration	3	3
Production	28	29
Sales	2	2
	<u>          </u>	<u>          </u>
	33	34
	<u>          </u>	<u>          </u>

**NALESTAR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2000**

**6 INTEREST RECEIVABLE AND SIMILAR ITEMS**

	Year ended 30 April 2000 £	Eight months ended 30 April 1999 £
Other interest receivable	19,278	10,156
	<u>          </u>	<u>          </u>

**7 TAXATION**

	Year ended 30 April 2000 £	Eight months ended 30 April 1999 £
<b>UK corporation tax</b>		
Current tax on income for the period at 30% (1999: 30%)	79,273	57,132
Adjustments in respect of prior periods	(28)	-
	<u>79,245</u>	<u>57,132</u>
<b>Deferred tax</b>		
Current tax on income for the period	782	(228)
	<u>          </u>	<u>          </u>
<b>Tax on profit on ordinary activities</b>	<u>80,027</u>	<u>56,904</u>

**8 DIVIDENDS**

	Year ended 30 April 2000 £	Eight months ended 30 April 1999 £
<b>Ordinary shares</b>		
Interim dividend proposed of £1.50 per share (1999 - £2)	75,000	100,000
	<u>          </u>	<u>          </u>

**NALESTAR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2000**

**9 TANGIBLE FIXED ASSETS**

	Freehold land & buildings £	Plant & machinery £	Fixtures & fittings £	Total £
<b>Cost or valuation</b>				
At 1 May 1999	165,000	221,289	38,070	424,359
Additions	-	16,360	675	17,035
Disposals	-	(35,525)	-	(35,525)
Group transfer	-	28,702	-	28,702
At 30 April 2000	165,000	230,826	38,745	434,571
<b>Depreciation</b>				
At 1 May 1999	2,200	171,060	34,165	207,425
Charge for year	3,300	15,915	984	20,199
On disposals	-	(35,525)	-	(35,525)
Group transfer	-	24,157	-	24,157
At 30 April 2000	5,500	175,607	35,149	216,256
<b>Net book amount</b>				
At 30 April 2000	159,500	55,219	3,596	218,315
At 30 April 1999	162,800	50,229	3,905	216,934

Freehold property was revalued on 17 July 1998 on an open market basis by Eckersley & Co of Preston by £40,665 to £165,000. The directors are adopting the transitional rules of FRS15, and have not updated the valuation of the Freehold Property, or the historical cost basis of any other category of tangible fixed asset.

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

	2000 £	1999 £
Cost	124,335	124,335
Cumulative depreciation	14,092	11,606
Net book amount	138,427	135,941

**10 FIXED ASSET INVESTMENTS**

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 May 1999 and 30 April 2000	12,112

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

**NALESTAR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2000**

**11 STOCKS**

	2000	1999
	£	£
Raw materials	36,522	59,650
Finished goods	168,077	172,888
	<u>204,599</u>	<u>232,538</u>

**12 DEBTORS**

	2000	1999
	£	£
<b>Due within one year</b>		
Trade debtors	268,270	346,626
Amounts due from group undertakings	-	51,426
Prepayments & accrued income	16,170	18,271
	<u>284,440</u>	<u>416,323</u>

**13 CREDITORS**

	2000	1999
	£	£
<b>Amounts falling due within one year</b>		
Trade creditors	136,816	93,452
Amounts owed to group undertakings	180,434	171,053
Corporation tax	62,106	61,813
Other tax and social security	47,315	32,781
Proposed dividends	75,000	100,000
Other creditors	-	52,338
Accruals and deferred income	51,151	8,666
	<u>552,822</u>	<u>520,103</u>

**14 PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred taxation £
At 1 May 1999	1,048
Charged to profit and loss	782
At 30 April 2000	<u>1,830</u>

Deferred tax is analysed as follows:

	Provided	Not provided
	2000 £	1999 £
Capital allowances	<u>1,830</u>	<u>-</u>

**NALESTAR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2000**

**15 SHARE CAPITAL**

	Authorised £	Allotted, called up and fully paid No	£
At 1 May 1999 and 30 April 2000 Ordinary shares of £1 each	100,000	50,000	50,000
	<u>          </u>	<u>          </u>	<u>          </u>

**16 RESERVES**

<b>Revaluation reserve</b>	£
At 1 May 1999	40,123
Depreciation transferred from profit and loss account	(813)
	<u>          </u>
At 30 April 2000	39,310
	<u>          </u>
<b>Profit and loss account</b>	£
At 1 May 1999	636,788
Profit for the year	188,612
Dividends	(75,000)
Depreciation transferred to revaluation reserve	813
	<u>          </u>
At 30 April 2000	751,213
	<u>          </u>

**17 SHAREHOLDERS' FUNDS**

	2000 £	1999 £
Shareholders' funds at 1 May 1999	726,911	701,713
Profit for the year	188,612	125,198
Dividends	(75,000)	(100,000)
	<u>          </u>	<u>          </u>
Shareholders' funds at 30 April 2000	840,523	726,911
	<u>          </u>	<u>          </u>

**18 GROSS CASH FLOWS**

	Year ended 30 April 2000 £	Eight months ended 30 April 1999 £
<b>Returns on investments and servicing of finance</b>		
Interest received	19,278	10,156
	<u>          </u>	<u>          </u>
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(17,035)	-
Receipts from sales of tangible fixed assets	-	42,000
	<u>          </u>	<u>          </u>
	(17,035)	42,000
	<u>          </u>	<u>          </u>



**NALESTAR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2000**

**18 GROSS CASH FLOWS**

**Acquisitions and disposals**

Net cash acquired from subsidiary undertakings

1,060

-

**19 ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 May 1999	Cash flows	Other changes	At 30 April 2000
	£	£	£	£
Cash at bank and in hand	370,155	305,554	-	675,709

**20 OTHER COMMITMENTS**

At 30 April 2000 the company had annual commitments under operating leases as follows:

	Land and buildings		Plant and machinery	
	2000	1999	2000	1999
	£	£	£	£
<b>Expiry date:</b>				
Within one year	-	-	1,459	1,459

**21 TRANSACTIONS WITH RELATED PARTIES**

Included within creditors is an amount due to related parties of £190,638. This was made up of £54,608 (1999 - £46,660) due to Northenden Textiles Limited and P & R Fabrics Limited £1,003 - fellow subsidiaries of Wrengate group company. Also owing was a balance of £124,822 to J & A Ashworth Limited, a subsidiary of Nalestar Limited and a balance of £75,000 to J Milom Limited in respect of a proposed dividend.

The company also made purchases of £231,858 (1999 - £179,865) from Northenden Textiles Limited, and of £17,529 from P & R Fabrics. The company also paid a management charge of £42,000 to J Milom Limited, the 100% parent of Nalestar Limited.

**22 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.

**23 PARENT UNDERTAKINGS AND CONTROLLING PARTIES**

The company is a 100% owned subsidiary of J Milom Limited which is a member of the Wrengate group of companies.

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.