LANSCOT TEXTILE MFG LIMITED

ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 1999



Shacter Cohen & Bor
Accountants And
Registered Auditor

31 Sackville Street
Manchester
M1 3LZ

Lanscot Textile Mfg Limited

Company Information

Directors	J C Shasha R S Shasha R Maclean
Secretary	J C Shasha
Registered Office	Linden Court House 34 Charlotte Street Manchester M1 4FD
Auditors	Shacter Cohen & Bor 31 Sackville Street Manchester M1 3LZ
Business Address	Unit 2 Woodend Business Centre Cowdenbeath Fife KY4 8HG
Bankers	National Westminster Bank plc P O Box 305 Spring Gardens Manchester M60 2DB Bank Hapoalim BM St James House 7 Charlotte Street Manchester M1 4RH
Solicitors	Innes Johnston & Co 197 High Street Kirkcaldy Fife KY1 1JE
Company Number	2267615

Lanscot Textile Mfg Limited

Contents

	Page
Directors' Report	1
Auditors' Report	2
Profit and Loss Account	3
Balance Sheet	4
Notes to the Financial Statements	5 - 9

Lanscot Textile Mfg Limited

Directors' Report

for the year ended 30 November 1999

The directors present their report and the financial statements for the year ended 30 November 1999.

Principal Activity and Review of the Business

The principal activity of the company during the year was that of manufacturers and distributors of textile goods and as a contract hemmer. The company also collected rents and acted as commission agents.

The year has ben a satisfactory one and it is anticipated that this performance will be maintainedin the forthcomomng financial year.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	1999	1998
J C Shasha	1,000	1,000
R S Shasha	1,000	1,000
R Maclean	2,000	2,000

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these 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 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.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Shacter Cohen & Bor be reappointed as auditors of the company will be put to the Annual General Meeting.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 16 May 2000 and signed on its behalf by

J C Shasha
Secretary

Lanscot Textile Mfg Limited

Auditors' Report to the Shareholders of Lanscot Textile Mfg Limited

We have audited the financial statements on pages 3 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors
As described on page 1 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 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 November 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Shacter Cohen & Bor

Accountants and and
Registered Auditor
31 Sackville Street
Manchester
M1 3LZ

16 May 2000

Lanscot Textile Mfg Limited

Profit and Loss Account

for the year ended 30 November 1999

		Continuing operations	
		1999	1998
	Notes	£	£
Turnover	2	1,975,526	1,944,270
Cost of sales		(1,426,985)	(1,367,850)
Gross profit		548,541	576,420
Distribution costs		(33,771)	(43,878)
Administrative expenses		(343,311)	(347,694)
Other operating income		32,515	31,834
Operating profit	3	203,974	216,682
Interest receivable and similar income		-	33
Interest payable and similar charges	4	(81,556)	(96,691)
Profit on ordinary activities before taxation		122,418	120,024
Tax on profit on ordinary activities	6	(33,842)	(32,027)
Profit on ordinary activities after taxation		88,576	87,997
Dividends		(30,000)	(30,000)
Retained profit for the year		58,576	57,997
Retained profit brought forward		206,756	148,759
Retained profit carried forward		265,332	206,756

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 5 to 9 form an integral part of these financial statements.

Lanscot Textile Mfg Limited

Balance Sheet

as at 30 November 1999

	Notes	1999 £	1999 £	1998 £	1998 £
Fixed Assets					
Tangible assets	7		293,108		305,111
Current Assets					
Stocks		931,029		803,439	
Debtors	8	339,246		325,645	
Cash at bank and in hand		671		476	
		1,270,946		1,129,560	
Creditors: amounts falling due within one year	9	(1,294,722)		(1,223,915)	
Net Current Liabilities			(23,776)		(94,355)
Total Assets Less Current Liabilities			269,332		210,756
Capital and Reserves					
Called up share capital	10		4,000		4,000
Profit and loss account			265,332		206,756
Shareholders' Funds	11		269,332		210,756

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 16 May 2000 and signed on its behalf by

J C Shasha
Director

The notes on pages 5 to 9 form an integral part of these financial statements.

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in FRS1 from the requirement to produce a cashflow statement because it is a small company.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land & buildings - Plant & machinery	-	no provision required.
Plant and machinery	-	2% straight line bases
Fixtures and fittings	-	2% per month straight line
Motor vehicles	-	2% per month straight line

1.4. Stock

Stock is valued at the lower of cost and net realisable value.

1.5. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

	1999	1998
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	12,005	10,806
Auditors' remuneration	2,135	1,870
and after crediting:		
Profit on disposal of tangible fixed assets	-	4,000

4. Interest payable and similar charges

	1999	1998
	£	£
On bank loans and overdrafts	81,556	96,691

5. Directors' emoluments

	1999	1998
	£	£
Remuneration and other benefits	29,376	28,165

6. Taxation

	1999	1998
	£	£
UK current year taxation		
UK Corporation Tax	33,808	32,027
Tax credits on franked investment income	34	-
	33,842	32,027

7. Tangible fixed assets

	Land and buildings freehold	Land and buildings - plant & m/c	Plant and machinery	Fixtures, fittings equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 December 1998	272,639	-	48,323	15,455	29,092	365,509
Transfer	-	16,249	-	-	-	16,249
Transfer	(16,249)	-	-	-	-	(16,249)
At 30 November 1999	256,390	16,249	48,323	15,455	29,092	365,509
Depreciation						
At 1 December 1998	-	-	37,032	14,547	8,819	60,398
Charge for the year	-	-	4,113	908	6,982	12,003
At 30 November 1999	-	-	41,145	15,455	15,801	72,401
Net book values						
At 30 November 1999	256,390	16,249	7,178	-	13,291	293,108
At 30 November 1998	272,639	-	11,291	908	20,273	305,111

Included in the purchase consideration of the land and buildings are plant and equipment with an apportioned value of £16249. In view of the nature of the building plant and machinery, the directors do not consider depreciation is necessary due to the considered residual value. Had depreciation been charged, this would have resulted in a charge for the year of £325 (1998 - Nil).

8. Debtors

	1999 £	1998 £
Trade debtors	329,358	309,326
Other debtors	-	6,000
Prepayments and accrued income	9,888	10,319
	339,246	325,645

9. Creditors: amounts falling due within one year	1999 £	1998 £
Bank overdraft	146,942	16,341
Bank loan	1,000,000	1,000,000
Trade creditors	38,760	92,868
Corporation tax	33,814	32,020
Other taxes and social security costs	14,975	22,341
Other creditors	(2,136)	(2,087)
Accruals and deferred income	32,367	32,432
Proposed dividend	30,000	30,000
	1,294,722	1,223,915

The bank loans and overdraft are repayable on demand.

10. Share capital	1999 £	1998 £
Authorised equity		
4,000 Ordinary shares of £1 each	4,000	4,000
Allotted, called up and fully paid equity		
4,000 Ordinary shares of £1 each	4,000	4,000

11. Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Profit for the year	88,576	87,997
Dividends	(30,000)	(30,000)
	58,576	57,997
Opening shareholders' funds	210,756	152,759
	269,332	210,756

12. Related party transactions

During the year the company sold and purchased goods to the net value of £1,258,015 (1998 £378,937) from Thomas Frederick . Limited, Zedkay Textiles Limited and Manchester Associated Mills Limited, companies in which two of the directors are materially interested as shareholders. The sales and purchases were made on normal arms length trading bases.