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Company Registration No. 895642 (England and Wales)

**INTERNATIONAL CLOTHING DESIGNS
(HOLDINGS) LIMITED**

DIRECTORS' REPORT AND GROUP ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2005



INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	J A Macaulay R Caring J W S Lawrence
Secretary	J A Macaulay
Company number	895642
Registered office	26-28 Conway Street London W1T 6BQ
Business address	26-28 Conway Street London W1T 6BQ
Auditors	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER
Bankers	HSBC Bank Plc PO Box 648 Poultry & Prince's Street London EC2P 2BX

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

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INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2005

The directors present their report and group accounts for the year ended 31 July 2005.

Principal activities

The principal activity of the group continues to be the sale and distribution of clothing and accessories.

Review of business

The group has completed its rationalisation plans during the year.

The retained operations are all trading profitably and the Directors are confident of the group's profitability going forward.

Results and dividends

The group loss for the year after taxation amounted to £462,331, however the directors are pleased to note that operating profit on continuing operations was £1,520,302.

The directors do not recommend payment of a final dividend.

Directors and their interests

The directors at 31 July 2005 and their beneficial interests in the shares of the company and other group companies were:

Ordinary shares of £ 1 each

	31 July 2005	1 August 2004
J A Macaulay	-	-
R Caring	9,998	9,998
J W S Lawrence	-	-

Redeemable preference shares of £ 1 each

	31 July 2005	1 August 2004
J A Macaulay	-	-
R Caring	-	-
J W S Lawrence	-	-

Charitable contributions

During the year the group made charitable donations of £12,196 (2004: £34,358).

Employee involvement

Within the bounds of commercial confidentiality, information is disseminated to all members of staff about matters that affect the progress of the group and are of interest and concern to them as employees.

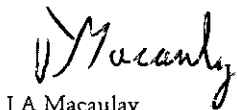
Disabled persons

Disabled persons are employed by the group when they appear to be suited to a particular position. The aptitude and abilities of disabled persons are more easily met in certain aspects of the group's business and every effort is made to ensure that they are given full and fair consideration.

Auditors

A resolution proposing the reappointment of H W Fisher & Company as auditors will be put to the members at the next Annual General Meeting.

On behalf of the Board



J A Macaulay
Director

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2005

Dated: 6th Feb 2006

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing those accounts, 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group 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 group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accounts of International Clothing Designs (Holdings) Limited for the year ended 31 July 2005 set out on pages 5 to 27. These accounts have been prepared under the historical cost convention as modified by the revaluation of land and buildings and the accounting policies set out on pages 8 to 9.

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 auditors' 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

As described on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the accounts 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 accounts, 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.

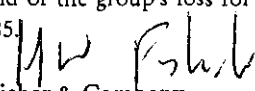
Basis of audit opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's and the group'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's and the group's affairs as at 31 July 2005 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


H W Fisher & Company

Chartered Accountants

Registered Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

Dated:  6 February 2006

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2005

	Notes	2005 £	2004 £
Turnover			
Continuing operations		71,356,948	73,877,254
Discontinued activities		<u>2,862,493</u>	<u>11,607,329</u>
	2	74,219,441	85,484,583
Cost of sales	3	<u>(65,346,884)</u>	<u>(76,691,208)</u>
Gross profit		8,872,557	8,793,375
Distribution costs	3	(510,105)	(1,603,047)
Administrative expenses	3	<u>(7,405,268)</u>	<u>(9,126,287)</u>
Operating profit/(loss)	4		
Continuing operations		1,520,302	922,815
Discontinued activities		<u>(563,118)</u>	<u>(2,858,774)</u>
		957,184	(1,935,959)
Net (loss)/profit on sale of operations	14	<u>(945,215)</u>	<u>4,235,890</u>
Profit on ordinary activities before interest		11,969	2,299,931
Other income	7	489,597	2,548,738
Interest payable and similar charges	8	<u>(1,025,210)</u>	<u>(857,215)</u>
(Loss)/profit on ordinary activities before taxation		(523,644)	3,991,454
Tax on (loss)/profit on ordinary activities	9	<u>61,313</u>	<u>7,000</u>
(Loss)/profit on ordinary activities after taxation		(462,331)	3,998,454
<i>Dividends (including those in respect of non-equity shares)</i>		<u>(155,925)</u>	-
Retained (loss)/profit for the year		(618,256)	3,998,454
Accumulated loss brought forward		(145,009)	(4,204,408)
Transfers from revaluation reserve		<u>36,481</u>	<u>60,945</u>
Accumulated loss carried forward		<u>(726,784)</u>	<u>(145,009)</u>

There are no recognised gains and losses other than those passing through the profit and loss account.

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 JULY 2005

	2005 £	2004 £
(Loss)/profit for the financial year	(462,331)	3,998,454
Unrealised deficit on revaluation of properties	-	(662,059)
Total recognised gains and losses relating to the year	<u>(462,331)</u>	<u>3,336,395</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2005 £	2004 £
Reported (loss)/profit on ordinary activities before taxation	(523,644)	3,991,454
Difference between depreciation charge on revalued amount and on the historical cost basis	<u>36,481</u>	<u>60,945</u>
Historical cost loss on ordinary activities before taxation	<u>(487,163)</u>	<u>4,052,399</u>
Historical cost loss for the year retained after taxation and dividends	<u>(581,775)</u>	<u>4,059,399</u>

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

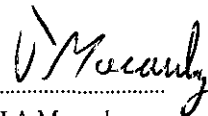
BALANCE SHEETS

AS AT 31 JULY 2005

		Group		Company	
	Notes	2005 £	2004 £	2005 £	2004 £
Fixed assets					
Intangible assets	12	145,669	203,406	-	-
Tangible assets	13	6,509,481	6,690,406	6,449,349	6,325,028
Investments	14	-	-	25,006	25,110
		<u>6,655,150</u>	<u>6,893,812</u>	<u>6,474,355</u>	<u>6,350,138</u>
Current assets					
Stocks	15	6,162,519	6,803,732	961,000	1,655,282
Debtors	16	11,406,648	10,373,270	7,522,753	7,856,677
Cash at bank and in hand		2,588,488	6,629,794	2,313,883	1,824,612
		<u>20,157,655</u>	<u>23,806,796</u>	<u>10,797,636</u>	<u>11,336,571</u>
Creditors: amounts falling due within one year	17	<u>(17,322,775)</u>	<u>(20,256,462)</u>	<u>(9,297,368)</u>	<u>(6,792,979)</u>
Net current assets		<u>2,834,880</u>	<u>3,550,334</u>	<u>1,500,268</u>	<u>4,543,592</u>
Total assets less current liabilities		<u>9,490,030</u>	<u>10,444,146</u>	<u>7,974,623</u>	<u>10,893,730</u>
Creditors: amounts falling due after more than one year	18	<u>(3,429,998)</u>	<u>(3,921,783)</u>	<u>(3,429,998)</u>	<u>(3,919,999)</u>
		<u>6,060,032</u>	<u>6,522,363</u>	<u>4,544,625</u>	<u>6,973,731</u>
Capital and reserves					
Called up share capital	21	4,464,998	4,464,998	4,464,998	4,464,998
Revaluation reserve	22	2,165,893	2,202,374	2,165,893	2,202,374
Other reserves	22	155,925	-	155,925	-
Profit and loss account		(726,784)	(145,009)	(2,242,191)	306,359
	23	<u>6,060,032</u>	<u>6,522,363</u>	<u>4,544,625</u>	<u>6,973,731</u>
Equity interests		<u>1,449,107</u>	<u>2,067,363</u>	<u>(66,300)</u>	<u>2,518,731</u>
Non-equity interests		<u>4,610,925</u>	<u>4,455,000</u>	<u>4,610,925</u>	<u>4,455,000</u>
		<u>6,060,032</u>	<u>6,522,363</u>	<u>4,544,625</u>	<u>6,973,731</u>

The accounts were approved by the board on

6th Feb 2006


 J A Macaulay
 Director

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2005

	Notes	2005 £	2004 £
Net cash inflow/(outflow) from operating activities	24	1,633,119	705,503
Returns on investments and servicing of finance			
Interest received	489,597	2,542,268	
Interest paid	(1,024,757)	(856,379)	
Interest element of hire purchase and finance lease rentals	(453)	(836)	
Net cash (outflow)/inflow from returns on investments and servicing of finance		(535,613)	1,685,053
Corporation tax		(56,824)	-
Capital expenditure			
Payments to acquire tangible fixed assets	(355,327)	(289,550)	
Receipts from sales of tangible fixed assets	-	185,014	
Net cash outflow from capital expenditure and financial investment		(355,327)	(104,536)
Acquisitions and disposals			
Sale of subsidiary undertakings	1	18,000	
Net cash overdrafts disposed of with subsidiaries	-	4,149,952	
Net cash (outflow)/inflow on acquisitions and disposals		1	4,167,952
Net cash inflow before financing		685,356	6,453,972
Financing			
Repayment of bank loan	(1,028,172)	(43,479)	
Capital element of hire purchase and finance lease rentals	(3,568)	643	
Net cash outflow from financing		(1,031,740)	(42,836)
(Decrease) in cash	25	(346,384)	(6,411,136)

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2005

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention as modified to include the revaluation of land and buildings and in accordance with applicable accounting standards.

1.2 Basis of consolidation

The consolidated profit and loss account and balance sheet include the accounts of the company and its subsidiary undertakings made up to 31 July 2005. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.3 Turnover

Turnover represents the invoiced value of goods sold and services provided net of VAT and discounts given.

1.4 Goodwill

Goodwill arising on acquisitions made after 1 August 1993 is amortised on a straight line basis over its expected useful economic life of 10 years. Goodwill on previous acquisitions is amortised over 15 years.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land is not depreciated

Freehold buildings

2% Straight line

Leasehold property

Over the period of the lease

Fixtures, fittings & equipment

10% - 35% straight line

Motor vehicles

20% - 25% straight line

1.6 Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are treated as if they had been purchased outright at the present value of the rentals payable, less finance charges, over the primary period of the agreements. The corresponding obligations under these agreements are included in creditors. The finance element of the rentals payable is charged to the profit and loss account so as to produce a constant rate of charge on the outstanding balance in each period.

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

1.7 Investments

Fixed asset investments are stated at cost less any provision for impairment in value.

1.8 Stock and work in progress

Stock is stated at the lower of cost and net realisable value. Cost includes an appropriate proportion of manufacturing overheads.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2005

1.9 Pensions

The group contributes to employees' personal pension plans.

The group operates a defined contributions pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

1.10 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.11 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2005 £	2004 £
Geographical segment		
United Kingdom	72,651,509	85,157,855
Rest of Europe	1,567,932	128,976
Rest of World	-	197,752
	<u>74,219,441</u>	<u>85,484,583</u>

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2005

3 Cost of sales and net operating expenses

	2005			2004		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£	£	£	£	£	£
Cost of sales	63,829,450	1,517,434	65,346,884	67,170,573	9,520,635	76,691,208
Distribution costs	-	510,105	510,105	-	1,603,047	1,603,047
Administrative expenses	6,007,196	1,398,072	7,405,268	5,783,866	3,342,421	9,126,287
	<u>69,836,646</u>	<u>3,425,611</u>	<u>73,262,257</u>	<u>72,954,439</u>	<u>14,466,103</u>	<u>87,420,542</u>

4 Operating profit/(loss)	2005	2004
	£	£
Operating profit/(loss) is stated after charging:		
Amortisation of intangible assets	57,737	156,731
Depreciation of owned tangible assets	298,605	429,313
Depreciation of tangible fixed assets held under finance leases and hire purchase contracts	892	3,906
Operating lease rentals	54,167	92,717
Auditors' remuneration (company £15,000; 2004: £19,000)	45,000	75,000
Remuneration of auditors for non-audit work	15,390	23,378
	<u>471,886</u>	<u>781,045</u>

5 Directors' emoluments	2005	2004
	£	£
Aggregate emoluments	<u>307,112</u>	<u>350,321</u>

Emoluments disclosed above include the following amounts paid to the highest paid director:

Aggregate emoluments	<u>200,612</u>	<u>200,584</u>
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INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2005

6 Employees

Number of employees

The average weekly number of employees during the year was:

	2005 Number	2004 Number
Selling, distribution and administration	163	252
Employment costs		
	£	£
Wages and salaries	3,876,492	5,290,460
Social security costs	408,184	585,431
Other pension costs	5,732	5,732
	<u>4,290,408</u>	<u>5,881,623</u>

7 Other income

	2005 £	2004 £
Profit on disposal of tangible fixed assets	-	6,470
Interest receivable from common control undertakings	-	63,296
Waiver of loans	-	1,282,180
Other interest receivable and similar income	489,597	1,196,792
	<u>489,597</u>	<u>2,548,738</u>

8 Interest payable and similar charges

	2005 £	2004 £
Interest payable on:		
Bank loans and overdrafts	1,024,757	856,379
Finance lease and hire purchase contracts	453	836
	<u>1,025,210</u>	<u>857,215</u>

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2005

9 Tax on (loss)/profit on ordinary activities

	£	£	£	£
Current tax				
<u>UK corporation tax</u>				
Current tax on income for the period	52,863		53,000	
Adjustments in respect of prior periods	3,824		-	
Foreign tax	-		-	
		56,687		53,000
Current tax charge		56,687		53,000
Deferred tax				
Origination and reversal of timing differences	(118,000)		(60,000)	
		(118,000)		(60,000)
		(61,313)		(7,000)
Factors affecting the tax charge for the year				
(Loss)/profit on ordinary activities before taxation		(523,644)		3,991,454
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)		(157,093)		1,197,436
Effects of:				
Expenses not deductible for tax purposes		55,076		52,961
Depreciation in excess of capital allowances		(9,812)		(60,888)
Movement in tax losses		(116,479)		(220,655)
Adjustments to tax charge in respect of previous periods		3,824		-
Difference between taxable loss and accounts loss on asset disposal		283,565		(1,064,098)
Other tax adjustments		(2,394)		148,244
Current tax charge		56,687		53,000

10 (Loss)/profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these accounts. The (loss)/profit for the financial year is made up as follows:

	2005 £	2004 £
Holding company's (loss)/profit for the financial year	(2,429,106)	2,481,063

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2005

11	Dividends	2005	2004
		£	£
	Accrual of dividend on redeemable preference shares: (non-equity shares)	155,925	-
12	Intangible fixed assets Group	Goodwill £	Trade Marks £
		Total £	
	Cost		
	At 1 August 2004	3,246,577	8,807
	Disposals	(1,012,396)	-
			(1,012,396)
	At 31 July 2005	2,234,181	8,807
			2,242,988
	Amortisation		
	At 1 August 2004	3,043,171	8,807
	On disposals	(1,012,396)	-
	Charge for year	57,737	-
			57,737
	At 31 July 2005	2,088,512	8,807
			2,097,319
	Net book value		
	At 31 July 2005	145,669	-
			145,669
	At 31 July 2004	203,406	-
			203,406

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2005

13 Tangible fixed assets Group

	Land and buildings	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 August 2004	6,566,434	1,591,341	18,001	8,175,776
Additions	148,958	206,369	-	355,327
Disposals	(394,019)	(518,466)	(14,001)	(926,486)
At 31 July 2005	6,321,373	1,279,244	4,000	7,604,617
Depreciation				
At 1 August 2004	229,317	1,239,552	16,501	1,485,370
On disposals	(258,130)	(417,600)	(14,001)	(689,731)
Charge for the year	160,014	138,483	1,000	299,497
At 31 July 2005	131,201	960,435	3,500	1,095,136
Net book value				
At 31 July 2005	6,190,172	318,809	500	6,509,481
At 31 July 2004	6,337,117	351,789	1,500	6,690,406

The net book value of land and buildings comprises:

	2005 £	2004 £
Freeholds	6,190,172	6,170,000
Short leaseholds (under 50 years)	-	167,117
	6,190,172	6,337,117

The freehold land and buildings were revalued as at 5 April 2004 by Edward Symmons & Partners, a firm of independent Chartered Surveyors. Their valuation was prepared in accordance with the RICS Appraisal and Valuation Manual as published by the Royal Institution of Chartered Surveyors on an Open Market Value and Estimated Realisation Price basis.

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2005

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
At 1 August 2004	4,330,044
Additions	148,958
At 31 July 2005	4,479,002
Depreciation based on cost	
At 1 August 2004	421,853
Charge for the year	92,305
At 31 July 2005	514,158
Net book values	
At 31 July 2005	3,964,844
At 31 July 2004	3,908,191

All other tangible fixed assets are stated at historical cost.

Finance leases and hire purchase contracts

The net book value of tangible fixed assets includes an amount of £- (2004 - £4,371) in respect of assets held under finance leases or hire purchase contracts.

Company	Land and buildings £	Fixtures, fittings & equipment £	Total £
Cost or valuation			
At 1 August 2004	6,170,000	744,496	6,914,496
Additions	148,958	173,853	322,811
At 31 July 2005	6,318,958	918,349	7,237,307
Depreciation			
At 1 August 2004	-	589,468	589,468
Charge for the year	128,786	69,704	198,490
At 31 July 2005	128,786	659,172	787,958
Net book value			
At 31 July 2005	6,190,172	259,177	6,449,349
At 31 July 2004	6,170,000	155,028	6,325,028

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2005

The freehold land and building were revalued as at 5 April 2004 by Edward Symmons & Partners, a firm of independent Chartered Surveyors. Their valuation was prepared in accordance with the RICS Appraisal and Valuation Manual as published by the Royal Institution of Chartered Surveyors on an Open Market Value and Estimated Realisation Price basis.

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
At 1 August 2004 and at 31 July 2004	4,330,044
Additions	148,958
	<hr/>
At 31 July 2005	4,479,002
	<hr/>
Depreciation based on cost	
At 1 August 2004	421,853
Charge for the year	92,305
	<hr/>
At 31 July 2005	514,158
	<hr/>
Net book values	
At 31 July 2005	3,964,844
	<hr/>
At 31 July 2004	3,908,191
	<hr/>

All other tangible fixed assets are stated at historical cost.

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2005

14 Fixed asset investments

Company

	Shares and loans in subsidiary undertakings £
Cost or valuation	
At 1 August 2004	4,478,771
Disposals	(3,869,156)
At 31 July 2005	609,615
Provisions for impairment in value	
At 1 August 2004	4,453,661
On disposals	(3,869,052)
At 31 July 2004	584,609
Net book value	
At 31 July 2005	25,006
At 31 July 2004	25,110

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Principal activity	Country of registration or incorporation	Shares held	
			Class	%
Subsidiary undertakings				
Pamplemousse Limited	Clothing	England	Ordinary	100
The Tapestry Design Company Limited	Clothing	England	Ordinary	100
NV Productions Limited	Dormant	England	Ordinary	100
The Associated Clothing Company Limited	Dormant	England	Ordinary	100
The Nashville Corporation Limited	Dormant	England	Ordinary	100
Tapestry Taiwan Limited	Dormant	England	Ordinary	100
Strandrate Limited	Dormant	England	Ordinary	100

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2005

Disposals of investments

The company disposed of its entire interest in the share capital of the Amanda Wakeley Holdings Limited on 28 May 2005.

Net assets disposed of	£
Fixed assets	237,937
Stocks	723,337
Debtors	302,746
	<u>1,264,020</u>
Creditors amounts falling due within one year	(318,804)
Loss on disposal	<u>(945,215)</u>
	<u>1</u>
Satisfied by:	
Cash	<u>1</u>

The subsidiary undertaking disposed of during the year absorbed £630,676 of the group's net operating cash flows, paid £199,015 in respect of net returns on investments and servicing of finance and utilised £1,162 for capital expenditure. £3,568 was absorbed through financing.

15 Stocks and work in progress

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Work in progress	54,494	314,259	54,494	314,259
Finished goods and goods for resale	<u>6,108,025</u>	<u>6,489,473</u>	<u>906,506</u>	<u>1,341,023</u>
	<u>6,162,519</u>	<u>6,803,732</u>	<u>961,000</u>	<u>1,655,282</u>

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2005

16 Debtors

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	6,527,236	6,433,617	2,866,677	2,241,151
Amounts owed by group undertakings	-	-	1,555,843	3,247,382
Amounts owed by companies under common control	3,815,502	3,163,113	2,484,533	2,153,697
Other debtors	650,698	225,438	338,350	32,864
Prepayments and accrued income	235,212	491,102	157,350	181,583
Deferred tax asset (see note 19)	178,000	60,000	120,000	-
	<u>11,406,648</u>	<u>10,373,270</u>	<u>7,522,753</u>	<u>7,856,677</u>

17 Creditors : amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans	5,338,524	5,876,695	992,238	1,712,928
Bank overdrafts	655	3,695,577	-	-
Net obligations under finance lease and hire purchase contracts	-	1,784	-	-
Trade creditors	5,806,756	4,495,408	430,116	379,211
Amounts owed to group undertakings	-	3,751	2,756,327	4,969
Amounts owed to companies under common control	4,079,297	4,543,141	4,079,297	4,323,656
Corporation tax	52,863	53,000	41,273	23,000
Taxes and social security costs	482,794	580,934	79,323	63,147
Directors current accounts	8,485	-	-	-
Other creditors	698,280	175,616	587,823	-
Accruals and deferred income	855,121	830,556	330,971	286,068
	<u>17,322,775</u>	<u>20,256,462</u>	<u>9,297,368</u>	<u>6,792,979</u>

Bank loans and overdrafts are secured by a fixed and floating charge over the Group's present and future assets together with intercompany guarantees. The bank has first legal charges over the freehold properties of the group.

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2005

18 Creditors : amounts falling due after more than one year

	Group 2005 £	2004 £	Company 2005 £	2004 £
Bank loans	3,429,998	3,919,999	3,429,998	3,919,999
Net obligations under finance leases and hire purchase agreements	-	1,784	-	-
	<u>3,429,998</u>	<u>3,921,783</u>	<u>3,429,998</u>	<u>3,919,999</u>
Analysis of loans				
Not wholly repayable within five years by instalments:				
Bank loan repayable by July 2013	3,919,998	4,409,999	3,919,998	4,409,999
Wholly repayable within five years	4,848,524	5,386,695	502,238	1,222,928
	<u>8,768,522</u>	<u>9,796,694</u>	<u>4,422,236</u>	<u>5,632,927</u>
Included in current liabilities	<u>(5,338,524)</u>	<u>(5,876,695)</u>	<u>(992,238)</u>	<u>(1,712,928)</u>
	<u>3,429,998</u>	<u>3,919,999</u>	<u>3,429,998</u>	<u>3,919,999</u>
Debt due within one year	5,338,524	5,876,695	992,238	1,712,928
Between one and two years	490,000	490,000	490,000	490,000
Between two and five years	1,470,000	1,470,000	1,470,000	1,470,000
In five years or more	1,469,998	1,959,999	1,469,998	1,959,999
	<u>8,768,522</u>	<u>9,796,694</u>	<u>4,422,236</u>	<u>5,632,927</u>

The bank loan of £3,919,998 is repayable by July 2013 and bears interest at 1% above HSBC base rate.

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2005

Net obligations under finance leases and hire purchase contracts	Group		Company	
	2005 £	2004 £	2005 £	2004 £
Repayable within one year	-	1,784	-	-
Repayable between one and five years	-	1,784	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	3,568	-	-
Included in liabilities falling due within one year	-	(1,784)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	1,784	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2005

19 Provisions for liabilities and charges Group

	£
Balance at 1 August 2004	(60,000)
Profit and loss account	(118,000)
	<u>(178,000)</u>
Deferred tax asset included in debtors (note 16)	178,000
	<u>-</u>
Balance at 31 July 2005	-

Company

Balance at 1 August 2004	-
Profit and loss account	(120,000)
	<u>(120,000)</u>
Deferred tax asset included in debtors (note 16)	(120,000)
	<u>-</u>
Balance at 31 July 2005	-

Deferred tax is provided at 30% (2004- 30%) analysed over the following timing differences:

Group

	2005 £	2004 £
Accelerated capital allowances	(178,000)	(35,000)
Tax losses available	-	(25,000)
	<u>(178,000)</u>	<u>(60,000)</u>

Company

	2005 £	2004 £
Accelerated capital allowances	(120,000)	-
	<u>(120,000)</u>	<u>-</u>

20 Pension costs

The group made payments of £5,732 (2004: £5,732) to employees' personal pension plans.

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2005

21 Share capital	2005	2004
	£	£
Authorised		
10,000 Ordinary shares of £1 each	10,000	10,000
4,455,000 Redeemable preference shares of £1 each	4,455,000	4,455,000
	<u>4,465,000</u>	<u>4,465,000</u>
 Allotted, called up and fully paid		
9,998 Ordinary shares of £1 each	9,998	9,998
4,455,000 Redeemable preference shares of £1 each	4,455,000	4,455,000
	<u>4,464,998</u>	<u>4,464,998</u>

The holders of the redeemable preference shares have the right to receive a dividend of 7% per annum, payable half yearly in arrears on a cumulative basis, and no voting rights other than on matters relating to them. The preference shareholders have waived their rights to the dividend payable in respect of the first six months of the year ended 31 July 2005. The rights attached to preference shares have been varied such that they are now not redeemable until 31 July 2007 at the request of the shareholders, but the company may redeem all or any of the shares at any time. If the company is wound up, the holders of the redeemable preference shares will be entitled to repayment of the capital paid up, in which circumstances they will rank in priority to ordinary shares.

22 Statement of movements on reserves Group

	Revaluation reserve	Other reserves
	£	£
Balance at 1 August 2004	2,202,374	-
Transfer to profit and loss account - additional depreciation charged on revalued assets over historic basis	(36,481)	
Movement during the year	-	155,925
Balance at 31 July 2005	<u>2,165,893</u>	<u>155,925</u>

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2005

23 Reconciliation of movements in shareholders' funds	2005	2004
Group	£	£
(Loss)/profit for the financial year	(462,331)	3,998,454
Dividends	(155,925)	-
	(618,256)	3,998,454
Other recognised gains and losses	-	(662,059)
Transfer of accrued dividends to other reserves	155,925	-
	(462,331)	3,336,395
Net (depletion in)/addition to shareholders' funds	6,522,363	3,185,968
Opening shareholders' funds		
	6,060,032	6,522,363
24 Net cash inflow from operating activities	2005	2004
	£	£
Reconciliation to operating profit/(loss):		
Operating profit/(loss)	957,184	(1,935,959)
Depreciation of tangible fixed assets	298,313	433,219
Amortisation of intangible fixed assets	57,737	156,731
Profit on disposal of tangible fixed assets	-	460
(Increase)/decrease in stocks	(82,122)	3,598,857
Increase in debtors	(1,218,123)	1,938,973
Increase/(decrease) in creditors	1,620,130	(3,486,778)
	1,633,119	705,503
25 Reconciliation of net cash flow to movement in net debt	2005	2004
	£	£
(Decrease)/increase in cash	(346,384)	6,411,136
Repayment of bank loan	1,028,172	43,479
Capital element of hire purchase and finance lease rentals	3,568	(643)
Loans disposed of with disposal of subsidiaries	-	1,277,200
	685,356	7,731,172
Movement in net debt	(6,866,045)	(14,597,217)
Net debt at 1 August 2004		
	(6,180,689)	(6,866,045)
Net debt at 31 July 2005		

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2005

26 Analysis of net debt

	At 1 August 2004 £	Cash flow £	Non-cash changes £	Disposals £	At 31 July 2005 £
Cash at bank and in hand	6,629,794	(4,041,306)	-	-	2,588,488
Bank overdrafts	(3,695,577)	3,694,922	-	-	(655)
		(346,384)			
Debt due within one year	(5,876,695)	1,028,172	(490,001)	-	(5,338,524)
Debt due after one year	(3,919,999)	-	490,001	-	(3,429,998)
Hire purchase and finance leases	(3,568)	3,568	-	-	-
		1,031,740			
	(6,866,045)	685,356	-	-	(6,180,689)

27 Contingent liabilities

The group companies are party to a group and related party cross guarantee arrangement whereby the borrowings of all group companies are secured by a charge over the company's present and future assets. The maximum borrowings of the group under this arrangement is £12,500,000 (2004: £13,550,000). This facility is in addition to group long term bank loans.

At 31 July 2005, the group's maximum potential liability under this arrangement was £5,574,771 (2004: £5,427,152)

At 31 July 2005 the company's maximum potential liability under this arrangement was £9,647,110 (2004: £10,704,739).

28 Financial commitments

At 31 July 2005 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2005 £	2004 £
Expiry date:		
Between two and five years	-	55,000

The group's leases of land and buildings are subject to periodic rent reviews.

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2005

29 Related party transactions

	Sales and commissions to related party in year	Other Income	Purchases from related party in year	Amounts owed to related party	Amounts owed by related party
Related party	£	£	£	£	£
Under Common Control					
International Garment Sourcing (Holdings) Limited	-	113,300	-	-	3,329,603
C & S Productions Limited	1,107,755	-	17,647,377	4,021,057	-
Associated Clothing Company (HK) Limited	-	-	223,404	58,240	-
Tapestry Taiwan Limited	-	-	8,881,262	-	485,899
				<u>4,079,297</u>	<u>3,815,502</u>

Nature of relationship

The above companies are controlled by the same ultimate controlling party as International Clothing Designs (Holdings) Limited.

The company has taken advantage of the exemption conferred by Financial Reporting Standard No 8 from the requirement to disclose details of transactions with group companies.

30 Control

The directors consider Richard Caring to be the Company's ultimate controlling party. The group's bank facilities are underwritten by a personal guarantee from Richard Caring.