

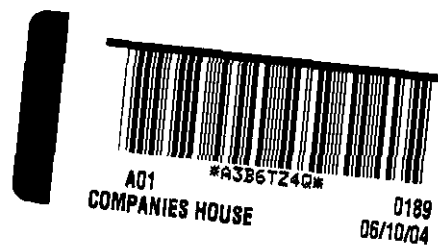
Registrars copy

Company Registration No. 895642 (England and Wales)

**INTERNATIONAL CLOTHING DESIGNS
(HOLDINGS) LIMITED**

DIRECTORS' REPORT AND GROUP ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2003



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

CONTENTS

	Page
Directors' report	1
Statement of directors' responsibilities	2
Auditors' report	3
Group profit and loss account	4
Group statement of total recognised gains and losses	5
Balance sheets	6
Group cash flow statement	7
Notes to the group accounts	8 - 27

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2003

The directors present their report and group accounts for the year ended 31 July 2003.

Principal activities

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

Review of business

As noted last year, the Group has continued with its rationalisation plans by disposing of certain businesses. In respect of the retained businesses, certain of the operations continue to trade profitably, and in respect of the remainder, steps are being taken by the directors to reduce the losses and return them to profitability.

Results and dividends

The group loss for the year after taxation amounted to £1,359,820 .

Directors and their interests

The directors at 31 July 2003 and their beneficial interests in the shares of the company and other group companies were:

	Ordinary shares of £ 1 each	
	31 July 2003	1 August 2002
J A Macaulay	-	-
R Caring	9,998	9,998
J W S Lawrence	-	-

	Redeemable preference shares of £ 1 each	
	31 July 2003	1 August 2002
J A Macaulay	-	-
R Caring	-	-
J W S Lawrence	-	-

J W S Lawrence was appointed a director on 10 March 2003.

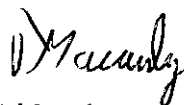
Charitable contributions

During the year the group made charitable donations of £17,526 (2002 : £5,774).

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

Dated: 22nd April 2004

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 2003 set out on pages 4 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 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

As described on page 2 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.

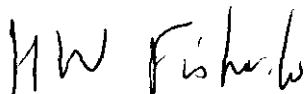
Basis of audit opinion

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 and 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:

22 April 2004

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2003

	Notes	2003 £	2002 £
Turnover			
Continuing operations		72,243,320	87,367,648
Discontinued activities		12,038,757	22,802,323
	2	84,282,077	110,169,971
Cost of sales	3	(72,632,350)	(89,449,889)
Gross profit		11,649,727	20,720,082
Distribution costs	3	(1,849,364)	(1,836,776)
Administrative expenses	3	(14,514,909)	(20,651,187)
Operating (loss)/profit	4		
Continuing operations		(3,345,704)	225,415
Discontinued activities		(1,368,842)	(1,993,296)
		(4,714,546)	(1,767,881)
Net profit on sale of operations	13	3,464,294	1,238,700
Loss on ordinary activities before interest		(1,250,252)	(529,181)
Other income	7	1,234,156	1,103,624
Interest payable and similar charges	8	(1,025,565)	(1,255,920)
Loss on ordinary activities before taxation		(1,041,661)	(681,477)
Tax on loss on ordinary activities	9	(318,159)	144,341
Loss on ordinary activities after taxation		(1,359,820)	(537,136)
Accumulated loss brought forward		(2,872,312)	(2,387,361)
Transfers from revaluation reserve		56,764	65,125
Currency translation differences		(29,040)	(12,940)
Accumulated loss carried forward		(4,204,408)	(2,872,312)

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 JULY 2003

	2003 £	2002 £
Loss for the financial year	(1,359,820)	(537,136)
Currency translation differences on foreign currency net investments	(29,040)	(12,940)
Total recognised gains and losses relating to the year	<u>(1,388,860)</u>	<u>(550,076)</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2003 £	2002 £
Reported loss on ordinary activities before taxation	(1,041,661)	(681,477)
Difference between depreciation charge on revalued amount and on the historical cost basis	56,764	65,125
Historical cost loss on ordinary activities before taxation	<u>(984,897)</u>	<u>(616,352)</u>
Historical cost loss for the year retained after taxation, minority interest and dividends	<u>(1,303,056)</u>	<u>(472,011)</u>

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

BALANCE SHEETS AS AT 31 JULY 2003

		Group		Company	
	Notes	2003 £	2002 £	2003 £	2002 £
Fixed assets					
Intangible assets	11	414,301	975,590	-	-
Tangible assets	12	7,782,040	8,784,793	7,341,375	7,515,599
Investments	13	-	-	1,702,153	2,087,273
		<u>8,196,341</u>	<u>9,760,383</u>	<u>9,043,528</u>	<u>9,602,872</u>
Current assets					
Stocks	14	10,771,283	8,072,779	4,751,562	2,067,235
Debtors	15	12,968,791	18,194,576	10,288,872	11,116,973
Cash at bank and in hand		1,432,638	8,547,651	6,274	9,039
		<u>25,172,712</u>	<u>34,815,006</u>	<u>15,046,708</u>	<u>13,193,247</u>
Creditors: amounts falling due within one year	16	(25,773,085)	(37,739,822)	(14,525,509)	(12,548,771)
Net current (liabilities)/assets		<u>(600,373)</u>	<u>(2,924,816)</u>	<u>521,199</u>	<u>644,476</u>
Total assets less current liabilities		<u>7,595,968</u>	<u>6,835,567</u>	<u>9,564,727</u>	<u>10,247,348</u>
Creditors: amounts falling due after more than one year	17	(4,410,000)	(2,246,549)	(4,410,000)	(2,186,100)
		<u>3,185,968</u>	<u>4,589,018</u>	<u>5,154,727</u>	<u>8,061,248</u>
Capital and reserves					
Called up share capital	19	4,464,998	4,464,998	4,464,998	4,464,998
Revaluation reserve	20	2,925,378	2,982,142	2,925,378	2,982,142
Profit and loss account		(4,204,408)	(2,872,312)	(2,235,649)	614,108
Shareholders' funds	22	3,185,968	4,574,828	5,154,727	8,061,248
Minority interests (all equity)	21	-	14,190	-	-
		<u>3,185,968</u>	<u>4,589,018</u>	<u>5,154,727</u>	<u>8,061,248</u>
Equity interests		<u>(1,269,032)</u>	<u>134,018</u>	<u>699,727</u>	<u>3,606,248</u>
Non-equity interests		<u>4,455,000</u>	<u>4,455,000</u>	<u>4,455,000</u>	<u>4,455,000</u>
Shareholders' funds		<u>3,185,968</u>	<u>4,589,018</u>	<u>5,154,727</u>	<u>8,061,248</u>

The accounts were approved by the board on 22 July 2004

J A Macaulay

J A Macaulay
Director

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2003

	Notes	2003 £	2002 £
Net cash (outflow)/inflow from operating activities	23	(2,645,215)	662,791
Returns on investments and servicing of finance			
Interest received	482,101	647,351	
Interest paid	(1,020,633)	(1,252,627)	
Interest element of hire purchase and finance lease rentals	(4,932)	(3,293)	
Net cash (outflow) from returns on investments and servicing of finance		(543,464)	(608,569)
Corporation tax		(12,892)	6,235
Capital expenditure and financial investment			
Payments to acquire intangible fixed assets	-	(126,163)	
Payments to acquire tangible fixed assets	(292,976)	(471,190)	
Receipts from sales of tangible fixed assets	200,011	219,501	
Net cash (outflow)/inflow from capital expenditure and financial investment		(92,965)	(377,852)
Acquisitions and disposals			
Sale of subsidiary undertakings	3,732,327	-	
Net cash overdrafts disposed of with subsidiaries	506,263	-	
Sale of business	-	1,452,053	
Net cash inflow on acquisitions and disposals		4,238,590	1,452,053
Net cash inflow before financing		944,054	1,134,658
Financing			
New long term bank loan	4,900,000	-	
Repayment of bank loan	(2,674,232)	(780,227)	
Capital element of hire purchase and finance lease rentals	(23,682)	(56,660)	
Net cash inflow/(outflow) from financing		2,202,086	(836,887)
Increase in cash	24	3,146,140	297,771

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003

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 2003. 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, other than freehold land, 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

Plant and machinery

20% - 33% straight line

Fixtures, fittings & equipment

20% - 35% straight line

Motor vehicles

25% Reducing balance and 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

Work in progress 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.

1.9 Pensions

The group contributes to employees personal pension plans.

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003

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.

Profits and losses of overseas subsidiaries and associated companies are translated into sterling at the closing rate of exchange at the year end. Assets and liabilities in foreign currencies are translated at the year end rates. Exchange differences on the opening net assets and results for the year are dealt with through reserves.

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:

	2003 £	2002 £
Geographical segment		
United Kingdom	73,563,532	100,080,280
Rest of Europe	1,022,334	3,268,313
Rest of World	9,696,211	6,821,378
	<u>84,282,077</u>	<u>110,169,971</u>

3 Cost of sales and net operating expenses

	2003			2002		
	Continuing £	Discontinued £	Total £	Continuing £	Discontinued £	Total £
Cost of sales	62,929,316	9,703,034	72,632,350	72,542,762	16,907,127	89,449,889
Distribution costs	1,387,747	461,617	1,849,364	1,277,832	558,944	1,836,776
Administrative expenses	11,271,961	3,242,948	14,514,909	13,321,639	7,329,548	20,651,187
	<u>75,589,024</u>	<u>13,407,599</u>	<u>88,996,623</u>	<u>87,142,233</u>	<u>24,795,619</u>	<u>111,937,852</u>

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003

4	Operating loss	2003	2002
		£	£
	Operating loss is stated after charging:		
	Amortisation of intangible assets	369,097	656,604
	Depreciation of owned tangible assets	618,312	1,180,279
	Depreciation of tangible fixed assets held under finance leases and hire purchase contracts	22,389	33,188
	Operating lease rentals	206,361	770,764
	Auditors' remuneration (company £19,000 ; 2002 : £20,000)	87,750	120,000
	Remuneration of auditors for non-audit work	47,992	40,000
		<u> </u>	<u> </u>

5	Directors' emoluments	2003	2002
		£	£
	Aggregate emoluments	342,006	342,969
	Group contributions to defined contribution pension schemes	23,096	43,605
		<u> </u>	<u> </u>
		<u>365,102</u>	<u>386,574</u>

Retirement benefits are accruing to 1 (2002 - 2) directors under defined contribution schemes.

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

Aggregate emoluments	187,983	239,169
Group contributions to defined contribution pension schemes	23,096	30,218
	<u> </u>	<u> </u>

6 **Employees**

Number of employees

The average weekly number of employees during the year was:

	2003	2002
	Number	Number
Selling, distribution and administration	228	342
	<u> </u>	<u> </u>

Employment costs

	£	£
Wages and salaries	7,875,503	11,678,561
Social security costs	776,280	1,013,822
Other pension costs	47,956	66,792
	<u> </u>	<u> </u>
	<u>8,699,739</u>	<u>12,759,175</u>

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003

7	Other income	2003 £	2002 £
	Profit on disposal of tangible fixed assets	2,055	3,128
	Waiver of related company loans	750,000	453,145
	Interest receivable and similar income	482,101	647,351
		<u>1,234,156</u>	<u>1,103,624</u>
8	Interest payable and similar charges	2003 £	2002 £
	Interest payable on:		
	Bank loans and overdrafts	1,020,462	1,252,627
	Finance lease and hire purchase contracts	4,932	3,293
	Late payment of tax	171	-
		<u>1,025,565</u>	<u>1,255,920</u>

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003

9	Tax on loss on ordinary activities	2003 £	2003 £	2002 £	2002 £
	Current tax				
	<u>UK corporation tax</u>				
	Adjustments in respect of prior periods	(5,763)		1,449	
	Foreign tax	121,922		56,210	
			116,159		57,659
	Current tax charge		116,159		57,659
	Deferred tax				
	Origination and reversal of timing differences		202,000		(202,000)
			318,159		(144,341)
	Factors affecting the tax charge for the year				
	Loss on ordinary activities before taxation		(1,041,661)		(681,477)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00 % (2002 : 30.00 %)		(312,498)		(204,443)
	Effects of:				
	Expenses not deductible for tax purposes		160,555		186,505
	Depreciation in excess of capital allowances		124,447		279,049
	Movement in tax losses		1,420,980		(645,315)
	Foreign tax adjustments		121,922		56,210
	Adjustments to tax charge in respect of previous periods		(5,763)		1,449
	Difference between taxable gain and accounts profit on asset disposal		(1,039,289)		676,842
	Income not taxable		(225,000)		-
	Other tax adjustments		(129,195)		(292,638)
	Current tax charge		116,159		57,659

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:

	2003 £	2002 £
Holding company's (loss)/profit for the financial year	(2,906,521)	874,644

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003

11 Intangible fixed assets Group

	Goodwill £	Trade Marks £	Total £
Cost			
At 1 August 2002	4,343,535	8,807	4,352,342
Disposals	(452,648)	-	(452,648)
At 31 July 2003	<u>3,890,887</u>	<u>8,807</u>	<u>3,899,694</u>
Amortisation			
At 1 August 2002	3,369,809	6,943	3,376,752
On disposals	(260,456)	-	(260,456)
Charge for year	368,216	881	369,097
At 31 July 2003	<u>3,477,569</u>	<u>7,824</u>	<u>3,485,393</u>
Net book value			
At 31 July 2003	<u>413,318</u>	<u>983</u>	<u>414,301</u>
At 31 July 2002	<u>973,726</u>	<u>1,864</u>	<u>975,590</u>

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003

12 Tangible fixed assets Group

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 August 2002	8,899,432	1,364,021	1,195,397	447,473	11,906,323
Exchange differences	(22,548)	-	709	804	(21,035)
Transfers	(45,000)		45,000		-
Additions	8,020	41,380	166,576	77,000	292,976
Disposals	(605,925)	(437,091)	(593,330)	(259,009)	(1,895,355)
At 31 July 2003	8,233,979	968,310	814,352	266,268	10,282,909
Depreciation					
At 1 August 2002	1,122,293	992,431	764,784	242,022	3,121,530
Exchange differences	477	-	(1,806)	803	(526)
On disposals	(360,748)	(300,489)	(409,023)	(190,576)	(1,260,836)
Charge for the year	262,673	94,512	212,115	71,401	640,701
At 31 July 2003	1,024,695	786,454	566,070	123,650	2,500,869
Net book value					
At 31 July 2003	7,209,284	181,856	248,282	142,618	7,782,040
At 31 July 2002	7,777,139	371,590	430,613	205,451	8,784,793
The net book value of land and buildings comprises:					
				2003	2002
				£	£
Freeholds				6,915,313	7,076,943
Short leaseholds (under 50 years)				293,971	700,196
				7,209,284	7,777,139

The freehold land and buildings were revalued as at July 2001 by Edwin 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 2003

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

	£
Cost	
At 1 August 2002 and at 31 July 2003	4,330,044
	<hr/>
Depreciation based on cost	
At 1 August 2002	258,365
Charge for the year	81,744
	<hr/>
At 31 July 2003	340,109
	<hr/>
Net book values	
At 31 July 2003	3,989,935
	<hr/>
At 31 July 2002	4,071,679
	<hr/>

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 £2,925 (2002 - £37,594) in respect of assets held under finance leases or hire purchase contracts.

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003

Company	Land and buildings	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 August 2002	7,608,039	648,833	165,958	8,422,830
Intercompany transfers	196,255	-	-	196,255
Additions	-	89,792	77,000	166,792
Reclassifications	(45,000)	45,000	-	-
Disposals	-	-	(89,500)	(89,500)
At 31 July 2003	7,759,294	783,625	153,458	8,696,377
Depreciation				
At 1 August 2002	423,460	421,985	61,786	907,231
Intercompany transfers	147,825	-	-	147,825
On disposals	-	-	(61,531)	(61,531)
Charge for the year	193,916	128,155	39,406	361,477
At 31 July 2003	765,201	550,140	39,661	1,355,002
Net book value				
At 31 July 2003	6,994,093	233,485	113,797	7,341,375
At 31 July 2002	7,184,579	226,848	104,172	7,515,599

The net book value of land and buildings comprises:

	2003	2002
	£	£
Freeholds	6,915,313	7,061,493
Short leaseholds (under 50 years)	78,780	123,086
	6,994,093	7,184,579

The freehold land and building were revalued as at July 2001 by Edwin 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 2003

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

	£
Cost	
At 1 August 2002 and at 31 July 2003	4,330,044
	<hr/>
Depreciation based on cost	
At 1 August 2002	258,365
Charge for the year	81,744
	<hr/>
At 31 July 2003	340,109
	<hr/>
Net book values	
At 31 July 2003	3,989,935
	<hr/>
At 31 July 2002	4,071,679
	<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 2003

13 Fixed asset investments Group

	Unlisted investments £
Cost or valuation At 1 August 2002 and at 31 July 2003	60,000
Provisions for diminution in value At 1 August 2002 and at 31 July 2003	60,000
Net book value At 31 July 2003	-

Company

	Unlisted investments £	Shares and loans in subsidiary undertakings £	Total £
Cost or valuation At 1 August 2002	60,000	6,197,427	6,257,427
Disposals	-	(37,945)	(37,945)
At 31 July 2003	60,000	6,159,482	6,219,482
Provisions for impairment in value At 1 August 2002	60,000	4,110,154	4,170,154
Provision in year	-	347,175	347,175
At 31 July 2002	60,000	4,457,329	4,517,329
Net book value At 31 July 2003	-	1,702,153	1,702,153
At 31 July 2002	-	2,087,273	2,087,273

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003

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	
Subsidiary undertakings			Class	%
The Associated Clothing Company Limited	Dormant	England	Ordinary	100
Baby Face Limited	Dormant	England	Ordinary	100
Bi-Axident Limited	Dormant	England	Ordinary	100
Farbex Limited	Dormant	England	Ordinary	76
Helium Limited	Dormant	England	Ordinary	100
Milmans (One) Limited	Dormant	England	Ordinary	100
Melmart of London Limited	Dormant	England	Ordinary	100
The Nashville Corporation Limited	Clothing	England	Ordinary	100
Jeamland Limited	Clothing	England	Ordinary	100
Trump Limited	Dormant	England	Ordinary	100
Pamplermousse Limited	Clothing	England	Ordinary	100
NV Productions Limited	Dormant	England	Ordinary	100
Tapestry Design Limited	Clothing	England	Ordinary	100
Urban Tribe Limited	Dormant	England	Ordinary	100
Amanda Wakeley (Holdings) Limited	Dormant	England	Ordinary	100
Amanda Wakeley (Retail) Limited	Clothing	England	Ordinary	100
Amanda Wakeley Limited	Dormant	England	Ordinary	100
Tapestry Taiwan Limited	Dormant	England	Ordinary	100

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003

Disposals of investments

The company disposed of 100% of the share capital of Garment Care Processing Services Limited as of 1 August 2002, 100% of the share capital of Ronald Joyce (International) Limited on 6 May 2003, and 100% of the share capital of Associated Clothing Company (Hong Kong) Limited as of 31 July 2003.

Net assets disposed of

Fixed assets	429,617
Debtors	3,282,765
Cash at bank and in hand	358,613
	<u>4,070,995</u>
Creditors amounts falling due within one year	(3,810,743)
Goodwill written off	7,781
Profit on disposal	3,464,294
	<u>3,732,327</u>
Satisfied by:	
Cash	<u>3,732,327</u>

The subsidiary undertakings disposed of during the year absorbed £303,799 of the group's net operating cash flows, paid £34,464 in respect of net returns on investments and servicing of finance and utilised £38,939 for capital expenditure. £100,000 was generated through the sale of fixed assets and £1,185,130 was generated through financing.

14 Stocks and work in progress

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Raw materials and consumables	1,569,162	810,130	1,138,927	224,319
Work in progress	2,751,661	1,182,129	2,100,554	626,440
Finished goods and goods for resale	6,450,460	6,080,520	1,512,081	1,216,476
	<u>10,771,283</u>	<u>8,072,779</u>	<u>4,751,562</u>	<u>2,067,235</u>

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003

15 Debtors

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	8,000,955	12,888,799	2,946,210	5,380,701
Amounts owed by group undertakings	-	-	3,193,899	2,189,180
Amounts owed by companies under common control	3,494,840	434,041	3,407,160	242,537
Corporation tax	124,266	133,442	106,656	51,355
Other debtors	983,205	3,937,543	571,026	3,178,296
Prepayments and accrued income	365,525	598,751	63,921	74,904
Deferred tax asset	-	202,000	-	-
	<u>12,968,791</u>	<u>18,194,576</u>	<u>10,288,872</u>	<u>11,116,973</u>

16 Creditors : amounts falling due within one year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans	6,707,373	7,940,017	1,215,554	1,909,292
Bank overdrafts	4,909,557	15,170,710	564,853	3,192,484
Net obligations under finance lease and hire purchase contracts	2,925	23,608	-	-
Trade creditors	5,820,370	7,562,970	978,367	2,995,998
Amounts owed to group undertakings	-	-	7,678,107	3,699,248
Amounts owed to companies under common control	4,221,540	4,310,952	1,604,935	-
Corporation tax	8,154	64,475	-	-
Other taxes and social security costs	1,211,735	965,931	72,606	70,795
Other creditors	119,676	48,452	84,855	-
Accruals and deferred income	2,771,755	1,652,707	2,326,232	680,954
	<u>25,773,085</u>	<u>37,739,822</u>	<u>14,525,509</u>	<u>12,548,771</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 at 26 - 28 Conway Street and 357 Euston Road.

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003

17 Creditors : amounts falling due after more than one year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans	4,410,000	2,186,100	4,410,000	2,186,100
Net obligations under finance leases and hire purchase agreements	-	5,588	-	-
Accruals and deferred income	-	54,861	-	-
	<u>4,410,000</u>	<u>2,246,549</u>	<u>4,410,000</u>	<u>2,186,100</u>
Analysis of loans				
Not wholly repayable within five years by instalments:				
Bank loan repayable by February 2009	-	2,145,000	-	2,145,000
Bank loan repayable by August 2008	-	451,500	-	451,500
Bank loan repayable by July 2013	4,900,000	-	4,900,000	-
Wholly repayable within five years	<u>6,217,373</u>	<u>7,529,617</u>	<u>725,554</u>	<u>1,498,892</u>
	11,117,373	10,126,117	5,625,554	4,095,392
Included in current liabilities	<u>(6,707,373)</u>	<u>(7,940,017)</u>	<u>(1,215,554)</u>	<u>(1,909,292)</u>
	<u>4,410,000</u>	<u>2,186,100</u>	<u>4,410,000</u>	<u>2,186,100</u>
Debt due within one year	6,707,373	7,940,017	1,215,554	1,909,292
Between one and two years	490,000	410,400	490,000	410,400
Between two and five years	1,470,000	1,231,200	1,470,000	1,231,200
In five years or more	<u>2,450,000</u>	<u>544,500</u>	<u>2,450,000</u>	<u>544,500</u>
	<u>11,117,373</u>	<u>10,126,117</u>	<u>5,625,554</u>	<u>4,095,392</u>

A bank loan of £4,900,000 was granted during the year and is repayable by July 2013 in monthly instalments of £40,833. It bears interest at 1% above the HSBC base rate.

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003

Net obligations under finance leases and hire purchase contracts	Group		Company	
	2003 £	2002 £	2003 £	2002 £
Repayable within one year	2,925	23,608	-	-
Repayable between one and five years	-	5,588	-	-
	<u>2,925</u>	<u>29,196</u>	<u>-</u>	<u>-</u>
Included in liabilities falling due within one year	(2,925)	(23,608)	-	-
	<u>-</u>	<u>5,588</u>	<u>-</u>	<u>-</u>

18 Pension costs

The group made payments of £47,956 (2002 - £66,792) to employees personal pension plans.

19 Share capital

	2003 £	2002 £
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
1,485,000 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 dividends payable in the year ended 31 July 2003 were waived by the holders of the shares. 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.

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003

20 Statement of movements on reserves

Group

Revaluation
reserve
£

Balance at 1 August 2002

2,982,142

Additional depreciation on revalued assets

(56,764)

Balance at 31 July 2003

2,925,378

21 Minority interests

2003

2002

£

£

Minority interests' share of net assets and liabilities in subsidiary undertakings

-

14,190

22 Reconciliation of movements in shareholders' funds

Group

2003

2002

£

£

Loss for the financial year

(1,359,820)

(537,136)

Other recognised gains and losses

(29,040)

(12,940)

Net (depletion in)/addition to shareholders' funds

(1,388,860)

(550,076)

Opening shareholders' funds

4,574,828

5,124,904

Closing shareholders' funds

3,185,968

4,574,828

23 Net cash inflow/(outflow) from operating activities

2003

2002

£

£

Reconciliation to operating loss:

Operating loss

(4,714,546)

(1,767,881)

Depreciation of tangible fixed assets

640,701

1,213,466

Amortisation of intangible fixed assets

369,097

656,604

Loss on disposal of tangible fixed assets

6,946

-

Loss on disposal of intangible fixed assets

184,411

-

Currency translation differences

(8,531)

(9,545)

(Increase)/decrease in stocks

(2,698,504)

3,558,140

Decrease/(increase) in debtors

2,563,908

(1,448,549)

Increase/(decrease) in creditors

1,011,303

(1,539,444)

(2,645,215)

662,791

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003

24	Reconciliation of net cash flow to movement in net debt	2003 £	2002 £
	Increase in cash	3,146,140	297,771
	New long term bank loan	(4,900,000)	-
	Repayment of bank loan	2,674,232	780,227
	Capital element of hire purchase and finance lease rentals	23,682	56,660
	Change in net debt resulting from cash flows	944,054	1,134,658
	Finance leases disposed of with disposal of subsidiaries	2,589	-
	Loans disposed of with disposal of subsidiaries	1,234,512	-
	Movement in net debt	2,181,155	1,134,658
	Net debt at 1 August 2002	(16,778,372)	(17,913,030)
	Net debt at 31 July 2003	(14,597,217)	(16,778,372)

25	Analysis of net debt	At 1 August 2002 £	Cash flow £	Acquisitions & disposals £	At 31 July 2003 £
	Cash at bank and in hand	8,547,651	(7,115,013)	-	1,432,638
	Bank overdrafts	(15,170,710)	10,261,153	-	(4,909,557)
			3,146,140		
	Debt due within one year	(7,940,017)	(1,868)	1,234,512	(6,707,373)
	Debt due after one year	(2,186,100)	(2,223,900)	-	(4,410,000)
	Hire purchase and finance leases	(29,196)	23,682	2,589	(2,925)
			(2,202,086)		
		(16,778,372)	944,054	1,237,101	(14,597,217)

26 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 £13,550,000 (2002: £15,000,000), this facility is in addition to group long term bank loans.

At 31 July 2003 the net group borrowings, excluding group long term bank loans, were £9,694,346 (2002: £12,726,000), group long term loans amounted to £4,900,000 (2002: £2,596,500).

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003

27 Financial commitments

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

	Land and buildings	
	2003	2002
	£	£
Expiry date:		
Within one year	43,500	124,400
Between two and five years	55,000	43,500
In over five years	-	32,500
	<hr/>	<hr/>
	98,500	200,400
	<hr/>	<hr/>

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003

28 Related party transactions

Related party	Sales and royalties to related party in year	Management fees charged to a related party	Purchases from related party in year	Amounts owed to related party	Amounts owed by related party
	£	£	£	£	£
Under Common Control					
International Garment Sourcing (Holdings) Limited	-	-	32,288	19,477	2,917,131
C & S Productions Limited	15,892,743	66,000	12,876,639	1,604,935	-
Associated Clothing Company (HK) Limited	-	-	-	-	41,378
Tapestry Taiwan Limited	-	-	6,946,679	2,597,128	-
NV Productions Limited	-	-	-	-	181,858
Elberon International Limited	-	-	-	-	242,530
Tapestry Romania srl	-	-	-	-	111,943

During the year International Garment Sourcing (Holdings) Limited waived £750,000 in respect of amounts owed by International Clothing Designs (Holdings) Limited.

On 31 July 2003 International Garment Sourcing (Holdings) Limited purchased the share capital of Associated Clothing Company (HK) Limited for consideration of £4,400,000.

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.

29 Control

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