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## International Clothing Designs (Holdings) Limited

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**Report and Accounts**

**Year Ended 31 July 1997**

*SSS & F Ltd*



Company Registration Number 895642

**INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED AND  
SUBSIDIARY COMPANIES**

**Company Information**

<b>Directors</b>	P M Foster J Macaulay C D'Cruze
<b>Secretary</b>	J Macaulay
<b>Company Number</b>	895642
<b>Registered Office</b>	2 Milman's Street Kings Road London SW10 0DA
<b>Auditors</b>	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER
<b>Bankers</b>	The Hongkong and Shanghai Banking Corporation Limited PO Box 757 6 Arthur Street London EC4R 9HS

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES

## Report of the Directors

The Directors present their report and accounts for the year ended 31 July 1997.

## Principal Activity

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

## Results and Dividends

Consolidated Operating Profit on existing activities showed a considerable improvement over last year and after finance charges left a profit of £72,000. The Directors do not recommend the payment of a dividend (1996: NIL).

The Directors believe that the benefits of the Group's investment in expansion, both organically and by acquisition, will result in improved profitability in the coming year.

## Directors and their Interests

The Directors during the year and their interests in the share capital of the Company were as follows:

	Ordinary Shares of £1 each	
	31 July 1997	1 August 1996
P M Foster (resigned 21 November 1997)	NIL	NIL
J Macaulay	NIL	NIL
	Redeemable Preference Shares of £1 each	
	31 July 1997	1 August 1996
P M Foster (resigned 21 November 1997)	NIL	NIL
J Macaulay	NIL	NIL

Mr. Christopher D'Cruze was appointed as a director of the Company on the 9th September 1997.

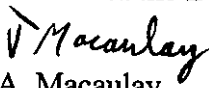
## Close Company

In the opinion of the Directors the Company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

## Auditors

A resolution proposing the re-appointment 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: 21 January 1998

# **INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES**

## **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 Company and the Group at the end of the financial year 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;
- prepare the accounts on a 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 Company and 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 Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES**

## **Report of the Auditors to the Members of International Clothing Designs (Holdings) Limited**

We have audited the accounts on pages 4 to 20 which have been prepared under the accounting policies set out on pages 8 and 9.

### **Respective Responsibilities of Directors and Auditors**

As described on page 2, the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and 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 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 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 mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall accuracy of the presentation of the information in the accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group at 31 July 1997 and of the loss of the Group 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

Dated : 21 January 1998

**INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED AND  
SUBSIDIARY COMPANIES**

**Consolidated Profit and Loss Account for the Year Ended 31 July 1997**

	Notes	1997 £'000	1996 £'000
<b>Turnover</b>	2		
Continuing operations		50,697	56,094
Cost of sales		(41,535)	(45,714)
<b>Gross Profit</b>		<u>9,162</u>	<u>10,380</u>
Distribution costs		(245)	(516)
Administrative expenses		(7,910)	(8,917)
		<u>(8,155)</u>	<u>(9,433)</u>
<b>Operating Profit / (Loss)</b>		1,007	947
Amortisation of intangible assets		(266)	(258)
<b>Operating Profit / (Loss)</b>		741	689
Interest payable (net)		(669)	(734)
<b>Profit(Loss) on Ordinary Activities before Taxation 3</b>		<u>72</u>	<u>(45)</u>
<b>Tax on Profit/(Loss) on Ordinary Activities</b>	4	(47)	76
<b>Profit on Ordinary Activities after Taxation</b>		<u>25</u>	<u>31</u>
Minority interests		(70)	(59)
<b>Retained Loss for the Financial Year</b>	13	<u>(45)</u>	<u>(28)</u>

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

**INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED AND  
SUBSIDIARY COMPANIES**

**Consolidated Balance Sheet at 31 July 1997**

	Notes	1997 £'000	1996 £'000
<b>Fixed Assets</b>			
Intangible assets	5	1,975	2,241
Tangible assets	6	1,276	1,485
Investments		60	-
		<u>3,311</u>	<u>3,726</u>
<b>Current Assets</b>			
Stocks	8	4,736	3,321
Debtors	9	10,801	9,933
Cash at bank and in hand		1,188	619
		<u>16,725</u>	<u>13,873</u>
<b>Creditors (amounts falling due within one year)</b>	10	<u>(18,958)</u>	<u>(15,079)</u>
<b>Net Current Liabilities</b>		<u>(2,233)</u>	<u>(1,206)</u>
<b>Total Assets less Current Liabilities</b>		<u>1,078</u>	<u>2,520</u>
<b>Creditors (amounts falling due after more than one year)</b>	11	<u>(38)</u>	<u>(1,545)</u>
<b>Net Assets</b>		<u><u>1,040</u></u>	<u><u>975</u></u>
<b>Capital and Reserves</b>			
Called up share capital	13 / 14	1,665	1,665
Profit and loss account	13	(858)	(843)
<b>Shareholders' Funds</b>	13	<u>807</u>	<u>822</u>
Equity interests		(848)	(833)
Non-equity interests		1,655	1,655
Minority interests		233	153
		<u><u>1,040</u></u>	<u><u>975</u></u>

Approved by the Board and signed on its  
behalf on *21 January 1998* by

*J Macaulay*

J. A. Macaulay - Director

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## Balance Sheet at 31 July 1997

	Notes	1997 £'000	1996 £'000
<b>Fixed Assets</b>			
Tangible assets	6	40	36
Investments	7	1,066	1,131
		<u>1,106</u>	<u>1,167</u>
<b>Current Assets</b>			
Stocks	8	3,639	1,340
Debtors	9	7,075	6,604
Cash at bank and in hand		-	-
		<u>11,264</u>	<u>7,944</u>
<b>Creditors (due within one year)</b>	10	(9,406)	(5,131)
<b>Net Current Assets</b>		<u>1,858</u>	<u>2,813</u>
<b>Creditors (amounts falling due after more than one year)</b>	11	-	(1,500)
<b>Net Assets</b>		<u>2,414</u>	<u>2,480</u>
<b>Capital and Reserves</b>			
Called up share capital	13 / 14	1,665	1,665
Profit and loss account	13	749	815
<b>Shareholders' Funds</b>	13	<u>2,414</u>	<u>2,480</u>
Equity interests		759	825
Non-equity interests		1,655	1,655
		<u>2,414</u>	<u>2,480</u>

Approved by the Board and signed on its behalf on *21 January 1998* by

*J Macaulay*

J. A. Macaulay - Director

**INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED AND  
SUBSIDIARY COMPANIES**

**Consolidated Cash Flow Statement for the Year Ended 31 July 1997**

	Notes	1997 £'000	1996 £'000
<b>Net Cash Inflow from Operating Activities</b>	15	1,054	1,684
<b>Returns on Investments and Servicing of Finance</b>			
Interest received		49	146
Interest paid		(718)	(901)
Net cash Outflow from returns on investments and servicing of finance		(669)	(755)
<b>Taxation</b>			
Refund of corporation tax received		102	-
<b>Capital expenditure and financial investment</b>			
Sales of fixed assets		61	151
Purchase of fixed assets		(218)	(1,024)
Purchase of intangible assets		-	(17)
Purchase of investments		(60)	-
Net cash outflow from investing activities		(217)	(890)
<b>Net Cash Inflow before Financing</b>		270	39
<b>Financing</b>			
Secured bank loan advanced		-	1,285
Repayment of secured bank loan		(500)	(285)
Capital element of hire purchase and finance lease repayments		(60)	(58)
Net (Outflow)/Inflow from Financing		(560)	942
<b>Increase in Cash and Cash Equivalents</b>		(290)	981

# **INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES**

## **Notes to the Accounts for the Year Ended 31 July 1997**

### **1. Accounting Policies**

#### **a) Basis of Preparation**

The accounts have been prepared under the historical cost convention in accordance with applicable accounting standards.

#### **b) Consolidation**

The Group accounts include the accounts of the Company and its subsidiary companies to the extent of the Group's interest in those companies, made up to 31 July 1997.

No profit and loss account is presented for the Company as permitted by Section 230 of the Companies Act 1985.

#### **c) Depreciation of Tangible Fixed Assets**

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

Short leasehold property	-	over the period of the lease
Fixtures, fittings and equipment	-	at 25% on a reducing balance basis and at 25% and 33.33% on a straight line basis
Motor vehicles	-	at 25% on a reducing balance basis and 33.33% on a straight line basis

#### **d) 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.

#### **e) Trade Marks**

Amortisation has been charged to write off the cost over the expected useful life which is considered to be ten years.

#### **f) Deferred Taxation**

Deferred taxation is provided at the anticipated tax rates on timing differences arising 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, to the extent that it is probable that a liability or asset will crystallise in the future.

#### **g) Stocks**

Stocks are stated at the lower of cost and net realisable value. The purchase cost of raw materials is calculated on a first in first out basis. The cost of work in progress includes an appropriate proportion of manufacturing overheads.

#### **h) Design Expenditure**

Expenditure on new designs is written off in the year in which it is incurred.

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES

## Notes to the Accounts for the Year Ended 31 July 1997

### 1. Accounting Policies (cont'd)

#### i) Foreign Currencies

Transactions on trading accounts have been accounted for at the exchange rate at the date of the transaction. Assets and liabilities have been converted at the rate ruling on the balance sheet date unless covered by a forward currency contract, when the contracted rate is used.

#### j) Finance Leases and Hire Purchase Contracts

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their useful lives. The interest element of the rental obligation is charged to the profit and loss account on a basis which gives a constant rate of charge on the net liability outstanding.

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

#### k) Pensions

Pension payments are written off to the profit and loss account in the year in which they are incurred.

### 2. Turnover

Turnover comprises sales of clothing and accessories and fees from freight forwarding services, arising in the following geographical markets:

	1997 £'000	1996 £'000
United Kingdom	43,581	45,181
Rest of Europe	1,662	6,230
Rest of World	5,454	4,683
	<u>50,697</u>	<u>56,094</u>

### 3. (a) Profit/(Loss) on Ordinary Activities before Taxation

The Profit/(Loss) on ordinary activities before taxation is stated after charging/(crediting) the following amounts:

	1997 £'000	1996 £'000
Depreciation - tangible assets	320	320
- assets held under finance leases and hire purchase agreements	33	33
Amortisation - intangible assets	258	258
Operating lease rentals		
- Plant & Machinery	5	5
- Other assets	313	496
Auditors' remuneration	71	66
(Profit) on sale of fixed assets	(3)	(3)
	<u></u>	<u></u>

**INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED AND  
SUBSIDIARY COMPANIES**

**Notes to the Accounts for the Year Ended 31 July 1997**

**3. (a) Loss on Ordinary Activities before Taxation (cont'd)**

Interest payable on:

Bank loans, overdrafts and other loans repayable within five years	711	872
Finance lease charges	7	8
	<u>718</u>	<u>880</u>
Interest receivable	(49)	(146)
	<u>669</u>	<u>734</u>
Net interest payable	<u>669</u>	<u>734</u>

**3.(b) Directors' Emoluments and Staff Costs**

(i) Directors' emoluments	1997 £'000	1996 £'000
---------------------------	---------------	---------------

Remuneration for management services (including pension contributions and benefits in kind)	116	150
	<u>116</u>	<u>150</u>

Remuneration of the Chairperson and highest paid Director	78	78
	<u>78</u>	<u>78</u>

Emoluments of the Directors, excluding pension contributions, were within the following scales:

	Number	Number
£ NIL - £5,000	-	1
£35,001 - £40,000	1	-
£60,001 - £65,000	-	1
£75,001 - £80,000	-	1
	<u>1</u>	<u>1</u>

(ii) Employee costs during the year:	1997 £'000	1996 £'000
--------------------------------------	---------------	---------------

Wages and salaries	5,286	5,132
Social security costs	406	465
Other pension costs	57	70
	<u>5,749</u>	<u>5,667</u>

The average monthly number of employees during the year was:	Number	Number
Selling, distribution and administration	196	199
	<u>196</u>	<u>199</u>

**(iii) Pensions**

The Group made payments of £57,000 (1996 £70,000) to private money purchase pension schemes for the benefit of certain employees.

**INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED AND  
SUBSIDIARY COMPANIES**

**Notes to the Accounts for the Year Ended 31 July 1997**

**4. Tax on loss on Ordinary Activities**

	1997 £'000	1996 £'000
UK Corporation Tax at 33%	-	-
Overseas Corporation Tax at 16.5%	(47)	(31)
Over/(Under) provision in prior years	-	107
	<u>(47)</u>	<u>76</u>

**5. Intangible Assets**

*The Group*

	Goodwill £'000	Trade marks £'000	Total £'000
<b>Cost</b>			
At 1 August 1996	3,000	37	3,037
At 31 July 1997	<u>3,000</u>	<u>37</u>	<u>3,037</u>
<b>Amortisation</b>			
At 1 August 1996	786	10	796
Charge	254	12	266
At 31 July 1997	<u>1,040</u>	<u>22</u>	<u>1,062</u>
<b>Net Book Value 1997</b>	<u>1,960</u>	<u>15</u>	<u>1,975</u>
<b>Net Book Value 1996</b>	<u>2,214</u>	<u>27</u>	<u>2,241</u>

**INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED AND  
SUBSIDIARY COMPANIES**

**Notes to the Accounts for the Year Ended 31 July 1997**

**6. Tangible Assets**

**(a) The Group**

	Short leasehold property £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost or Valuation</b>				
At 1 August 1996	790	1,016	476	2,282
Additions	30	155	130	315
Disposals	(23)	(84)	(232)	(339)
	<u>797</u>	<u>1,087</u>	<u>374</u>	<u>2,258</u>
<b>At 31 July 1997</b>	<u>797</u>	<u>1,087</u>	<u>374</u>	<u>2,258</u>
<b>Depreciation</b>				
At 1 August 1996	137	463	197	797
Charge	111	232	78	421
Disposals	(9)	(68)	(159)	(236)
	<u>239</u>	<u>627</u>	<u>116</u>	<u>982</u>
<b>At 31 July 1997</b>	<u>239</u>	<u>627</u>	<u>116</u>	<u>982</u>
<b>Net Book Value 1997</b>	<u>558</u>	<u>460</u>	<u>258</u>	<u>1,276</u>
<b>Net Book Value 1996</b>	<u>653</u>	<u>553</u>	<u>279</u>	<u>1,485</u>

The net book value of group tangible fixed assets includes £126,000 (1996 £155,000) in respect of assets held under finance leases and hire purchase contracts.

There were no commitments for capital expenditure either authorised or contracted for at the balance sheet date.

**INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED AND  
SUBSIDIARY COMPANIES**

**Notes to the Accounts for the Year Ended 31 July 1997**

**6. Tangible Assets (cont'd)**

**(b) The Company**

	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>			
At 1 August 1996	56	-	56
Additions	11	11	22
Disposals	—	—	—
At 31 July 1997	<u>67</u>	<u>11</u>	<u>78</u>
<b>Depreciation</b>			
At 1 August 1996	20	-	20
Charge	17	1	18
Disposals	—	—	—
At 31 July 1997	<u>37</u>	<u>1</u>	<u>38</u>
<b>Net Book Value 1997</b>	<u>30</u>	<u>10</u>	<u>40</u>
<b>Net Book Value 1996</b>	<u>36</u>	<u>-</u>	<u>36</u>

There were no commitments for capital expenditure either authorised or contracted for at the balance sheet date.

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES

## Notes to the Accounts for the Year Ended 31 July 1997

### 7. Investments

#### (a) The Group

	Subsidiary Companies £'000	Other Investments £'000	Total £'000
At 1 August 1996	-	-	-
Additions	-	60	60
	-----	-----	-----
At 31 July 1997	-	60	60
	=====	=====	=====

#### (b) The Company

	Subsidiary Companies £'000	Other Investments £'000	Total £'000
At 1 August 1996 and 31 July 1997	1,006	-	1,006
Additions	-	60	60
	-----	-----	-----
At 31 July 1997	1,006	60	1,066
	=====	=====	=====

<i>Name of Subsidiary Company</i>	<i>Proportion Held</i>	<i>Trading activity</i>
The Associated Clothing Company Limited	75%	Clothing
Associated Clothing Company (Hong Kong) Limited	75%	Clothing
Baby Face Limited	75%	Clothing
Bi-Axident Limited *	76%	Clothing
Jump Limited*	100%	Clothing
Farbex Limited	76%	Freight forwarding
Garment Care Processing Services Limited (formerly ICD(Three) Limited)	100%	Clothing Processing
Helium Limited *	100%	Clothing
Milmans (One) Limited	100%	Clothing/ Management services
Melmart of London Limited	* 100%	Clothing
The Nashville Corporation Limited	* 100%	Clothing
Pamplemousse Limited	* 100%	Clothing
Tapestry Design Company Limited	* 100%	Clothing
Urban Tribe Limited	* 100%	Clothing

( \* = Indirectly held )

**INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED AND  
SUBSIDIARY COMPANIES**

**Notes to the Accounts for the Year Ended 31 July 1997**

**7. Investments (cont'd)**

All holdings are of ordinary share capital and all companies are incorporated in England except Associated Clothing Company (Hong Kong) Limited a company incorporated in Hong Kong. None of the investments are listed.

**8. Stocks**

	1997		1996	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	£'000	£'000	£'000	£'000
Raw materials	96	-	97	-
Work in progress	623	-	1,411	-
Finished goods	4,017	3,639	1,813	1,340
	<u>4,736</u>	<u>3,639</u>	<u>3,321</u>	<u>1,340</u>

**9. Debtors**

	1997		1996	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	£'000	£'000	£'000	£'000
Trade debtors	8,616	3,109	7,215	1,545
Owed by group companies	-	3,377	-	4,280
Other debtors	1,448	386	2,080	670
Prepayments and accrued income	726	203	531	109
Corporation tax refundable	11	-	107	-
	<u>10,801</u>	<u>7,075</u>	<u>9,933</u>	<u>6,604</u>

**INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED AND  
SUBSIDIARY COMPANIES**

**Notes to the Accounts for the Year Ended 31 July 1997**

**10. Creditors (due within one year)**

	1997		1996	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	£'000	£'000	£'000	£'000
Bank loans (secured)	500	500	500	500
Bank overdrafts (secured)	5,824	1,416	4,965	317
Current portion of financing obligations (Note 12)	48	-	49	-
Trade creditors	9,921	4,782	8,048	2,820
Due to group companies	-	1,001	-	1,056
Other taxes & social security	245	12	265	30
Other creditors	1,108	991	306	11
Accruals	1,238	704	913	397
Corporation tax payable	74	-	33	-
	<u>18,958</u>	<u>9,406</u>	<u>15,079</u>	<u>5,131</u>

Bank loans & overdrafts are secured by a fixed and floating charge over the Group's present and future assets together with intercompany guarantees.

**11. Creditors (due after more than one year)**

	1997		1996	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	£'000	£'000	£'000	£'000
Obligations under finance leases and hire purchase contracts (Note 12)	38	-	45	-
Bank Loan (Secured)	-	-	500	500
Other Creditors	-	-	1,000	1,000
	<u>38</u>	<u>-</u>	<u>1,545</u>	<u>1,500</u>

**INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED AND  
SUBSIDIARY COMPANIES**

**Notes to the Accounts for the Year Ended 31 July 1997**

**12. Obligations under Finance Leases and Hire Purchase Contracts**

	1997		1996	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	£'000	£'000	£'000	£'000
Current obligations	48	-	49	-
Repayable between two to five years	38	-	45	-
	<u>86</u>	<u>-</u>	<u>94</u>	<u>-</u>

**13. Reconciliation of Movements in Shareholders' Funds**

	Issued share capital £'000	Profit and loss account £'000	Total £'000
<i>The Group</i>			
Balance at 1 August 1996	1,665	(843)	822
Loss for the year	-	(45)	(45)
Exchange gain on retranslation of brought forward reserves		30	30
	<u>1,665</u>	<u>(858)</u>	<u>807</u>
<i>The Company</i>			
Balance at 1 August 1996	1,665	815	2,480
Profit for the year	-	(66)	(66)
	<u>1,665</u>	<u>749</u>	<u>2,414</u>

**INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED AND  
SUBSIDIARY COMPANIES**

**Notes to the Accounts for the Year Ended 31 July 1997**

**14. Share Capital**

	1997 £'000	1996 £'000
Authorised:		
10,000 Ordinary shares of £1 each	10	10
1,655,000 Redeemable preference shares of £1 each	1,655	1,655
	<u>1,665</u>	<u>1,665</u>
Allotted and fully paid:		
9,999 Ordinary shares of £1 each	10	10
1,655,000 Redeemable preference shares of £1 each	1,655	1,655
	<u>1,665</u>	<u>1,665</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 1997 were waived by the holders of the shares. The rights attached to the 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.

**15. Reconciliation of Operating Profit/(Loss) to Net Cash Inflow from Operating Activities**

	1997 £'000	1996 £'000
Operating profit / (Loss)	741	689
Depreciation and amortisation	687	628
Profit on sale of tangible fixed assets	(3)	(3)
Decrease in stocks	(1,415)	691
Decrease / (Increase) in debtors	(966)	1,770
(Decrease)/Increase in creditors	(1,980)	(2,091)
Exchange difference retranslating b/fwd reserves	30	-
Net cash inflow from operating activities	<u>1,054</u>	<u>1,684</u>

**INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED AND  
SUBSIDIARY COMPANIES**

**Notes to the Accounts for the Year Ended 31 July 1997**

<b>16. Reconciliation of net cash flow to movement in debt</b>	<b>1997 £'000</b>	<b>1996 £'000</b>
Increase in cash	(290)	981
Secured long term bank loan advance	-	(1,285)
Repayment of secured long term bank loan	500	285
Capital element of hire purchase and finance leases	60	58
	<hr/>	<hr/>
<b>Change in net debt resulting from cash flows</b>	<b>270</b>	<b>39</b>
New finance leases	(52)	(93)
	<hr/>	<hr/>
<b>Movement in net debt</b>	<b>218</b>	<b>(54)</b>
Net debt at 1 August 1996	(5,440)	(5,386)
	<hr/>	<hr/>
Net debt at 31 July 1997	<u>(5,222)</u>	<u>(5,440)</u>

<b>17. Analysis of net debt</b>	<b>At 1 August 1996 £'000</b>	<b>Cash Flow £'000</b>	<b>Non-cash changes £'000</b>	<b>At 31 March 1997 £'000</b>
Cash at bank and in hand	619	569	-	1,188
Bank overdrafts	(4,965)	(859)	-	(5,824)
		<hr/> (290) <hr/>		
Debt due within one year	(500)	500	(500)	(500)
Debt due after one year	(500)	-	500	-
Hire purchase and finance leases	(94)	60	(52)	(86)
		<hr/> 560 <hr/>		
	<u>(5,440)</u>	<u>270</u>	<u>(52)</u>	<u>(5,222)</u>

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES

## Notes to the Accounts for the Year Ended 31 July 1997

### 18. Operating Lease Commitments

The Group had annual commitments under non-cancellable operating leases in respect of leasehold property as set out below:

	1997 £'000	1996 £'000
Expiry within one year	62	-
Expiring between two and five years	-	171
Expiring in over five years	317	258
	<u>379</u>	<u>429</u>

### 19. RELATED PARTY TRANSACTIONS

The group entered into the following transactions with related parties during the year

Related party	Relationship	Nature of transaction	Balance at 31 July 1997 £'000	Value of transactions £'000
Farbex Limited	Associated company	Purchase of services	177	(472)
ACC Limited	Associated Company	Sale of garments	618	74
NV Productions Limited	Company under common control	Sale of garments	354	644
ACC (HK) Limited	Company under common control	Purchase of garments	(56)	(61)
C&S Productions Limited	Company under common control	Sale of garments	(3,246)	936
		Purchase of garments	-	(11,336)
IGS (Holdings) Limited	Company under common control	Sale of garments	1	183