

Company Registration No. 3240384 (England and Wales)

INCORPORATEWEAR LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2011

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INCORPORATEWEAR LIMITED

COMPANY INFORMATION

Directors	E H Hindson (non-executive) C G Wood B Lamb R B Pollock (resigned 8 November 2010)
Secretary	C G Wood
Company number	3240384
Registered office	Edison Road Hams Hall National Distribution Park Coleshill B46 1DA
Auditors	Carter Backer Winter LLP Enterprise House 21 Buckle Street London E1 8NN
Business address	Edison Road Hams Hall National Distribution Park Coleshill B46 1DA
Bankers	HSBC Bank plc 12 Calthorpe Road Edgbaston Birmingham B15 1QZ

INCORPORATEWEAR LIMITED

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INCORPORATEWEAR LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2011

The directors present their report and financial statements for the year ended 28 February 2011

Principal activities and review of the business

The principal activity of the company continues to be that of the design, supply and management of corporate clothing for business use

Over the last year the company has experienced a period of intense price rises from garment manufacturers, the result of dramatic rises in the global costs of cotton and wool and substantial increases in Chinese labour rates reflecting growth and development in the region

Despite the presence of these factors, however, the company has ably demonstrated its continued financial resilience and the directors are delighted with the company's ability to trade profitably and strengthen its financial foundations under such difficult trading conditions

The company's turnover has increased during the financial year 2010/11 by 19.4% as a result of the attraction of a number of significant new clients and through the normal cyclical effects of garment issue, which is prevalent in the corporate clothing sector. The directors are confident, therefore, that the company will continue to trade robustly during the financial year 2011/12

The company has also continued to trade profitably, despite global pressures, achieving net margins before interest and tax of 2.3% (2009/10 2.9%) and delivering a return on capital employed of 12.3% (2009/10 13.6%)

During the year the company has continued to invest in its IT infrastructure and web-based systems and the directors believe that these investments will allow operational efficiencies to be realised in the future and enable the company's market position to be further advanced

Despite a high level of optimism for the company the directors prudently believe that the future performance of the business may be subject to a number of key risk areas, some of which fall outside of its direct influence. These include business failure or changes in the ownership of major clients, the loss of a major contract, UK monetary and fiscal policy and the influence of the wider global economy with particular reference to commodity markets and economic development in the Far East

Results and dividends

The results for the year are set out on page 5

The directors do not recommend payment of an ordinary dividend

Own shares held

The Incorporatewear Employee Benefit Trust held 9,989 ordinary shares of £1 each throughout the year, representing 1.26% (2010 1.26%) of the company's called up share capital. The cost of these shares is shown as a reduction in shareholders' funds, as required by UITF Abstract 38. Further details are set out in note 16 to the financial statements

Directors

The following directors have held office since 1 March 2010

E H Hindson (non-executive)

C G Wood

B Lamb

R B Pollock (resigned 8 November 2010)

INCORPORATEWEAR LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2011

Charitable donations	2011 £	2010 £
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During the year the company made the following payments

Charitable donations	4,065	5,991
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Charitable donations represent donations made to various charity events sponsored by clients of the company

Auditors

In accordance with the company's articles, a resolution proposing that Carter Backer Winter LLP be reappointed as auditors of the company will be put at a General Meeting

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

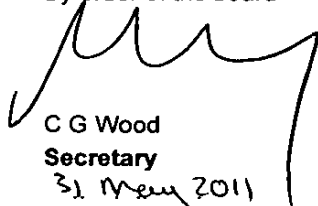
- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



C G Wood
Secretary
31 May 2011

INCORPORATEWEAR LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF INCORPORATEWEAR LIMITED

We have audited the financial statements of Incorporatewear Limited for the year ended 28 February 2011 set out on pages 5 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 28 February 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INCORPORATEWEAR LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF INCORPORATEWEAR LIMITED

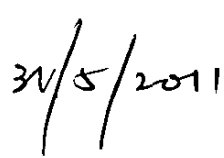
Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit


Edward Tsui (Senior Statutory Auditor)
for and on behalf of Carter Backer Winter LLP

Chartered Accountants
Statutory Auditor


Enterprise House
21 Buckle Street
London
E1 8NN

INCORPORATEWEAR LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 28 FEBRUARY 2011**

	Notes	2011 £	2010 £
Turnover	2	12,652,415	10,595,795
Cost of sales		(8,735,065)	(7,094,820)
Gross profit		3,917,350	3,500,975
Distribution costs		(579,856)	(471,622)
Administrative expenses		(3,048,406)	(2,728,775)
Operating profit	3	289,088	300,578
Other interest receivable and similar income	4	6	13
Interest payable and similar charges	5	(22,944)	(32,964)
Profit on ordinary activities before taxation		266,150	267,627
Tax on profit on ordinary activities	6	(62,313)	(72,726)
Profit for the year	16	203,837	194,901

The profit and loss account has been prepared on the basis that all operations are continuing operations

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

INCORPORATEWEAR LIMITED

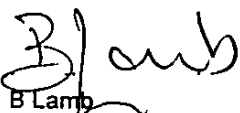
BALANCE SHEET

AS AT 28 FEBRUARY 2011

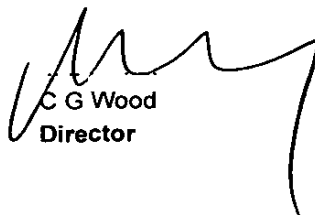
	Notes	2011 £	£	2010 £	£
Fixed assets					
Tangible assets	7	1,366,237		1,357,301	
Current assets					
Stocks	8	1,326,381		1,711,087	
Debtors	9	3,169,993		1,964,749	
Cash at bank and in hand		234,860		1,506,618	
		4,731,234		5,182,454	
Creditors amounts falling due within one year	10	(3,692,577)		(4,265,742)	
Net current assets		1,038,657		916,712	
Total assets less current liabilities		2,404,894		2,274,013	
Creditors: amounts falling due after more than one year	11	-		(72,956)	
Provisions for liabilities	12	(47,000)		(47,000)	
		2,357,894		2,154,057	
Capital and reserves					
Called up share capital	15	793,100		793,100	
Share premium account	16	654,688		654,688	
Other reserves	16	(113,000)		(113,000)	
Profit and loss account	16	1,023,106		819,269	
Shareholders' funds	17	2,357,894		2,154,057	

Approved by the Board and authorised for issue on

31 MAY 2011



B Lamb
Director



C G Wood
Director

Company Registration No. 3240384

INCORPORATEWEAR LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2011

	£	2011 £	£	2010 £
Net cash (outflow)/inflow from operating activities		(1,952,965)		1,780,054
Returns on investments and servicing of finance				
Interest received	6		13	
Interest paid	(22,944)		(32,964)	
Net cash outflow for returns on investments and servicing of finance		(22,938)		(32,951)
Taxation		(86,074)		(142,581)
Capital expenditure				
Payments to acquire tangible assets	(352,006)		(390,391)	
Receipts from sales of tangible assets	500		-	
Net cash outflow for capital expenditure		(351,506)		(390,391)
Net cash (outflow)/inflow before management of liquid resources and financing		(2,413,483)		1,214,131
Financing				
Issue of ordinary share capital	-		10,000	
Issue of shares	-		10,000	
Repayment of long term bank loan	(50,000)		(200,000)	
Repayment of other long term loans	-		(83,330)	
Repayment of other short term loans	(150,000)		(16,670)	
Capital element of hire purchase contracts	(60,498)		(110,939)	
Decrease in debt	(260,498)		(410,939)	
Net cash outflow from financing		(260,498)		(400,939)
(Decrease)/increase in cash in the year		(2,673,981)		813,192

INCORPORATEWEAR LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2011

1	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities	2011	2010
		£	£
	Operating profit	289,088	300,578
	Depreciation of tangible assets	343,070	379,048
	Profit on disposal of tangible assets	(500)	-
	Decrease in stocks	384,706	464,621
	Increase in debtors	(1,205,244)	(1,031,621)
	(Decrease)/increase in creditors within one year	(1,764,085)	1,667,428
	Net cash (outflow)/inflow from operating activities	(1,952,965)	1,780,054

2	Analysis of net (debt)/funds	1 March 2010	Cash flow	Other non-cash changes	28 February 2011
		£	£	£	£
	Net cash				
	Cash at bank and in hand	1,506,618	(1,271,758)	-	234,860
	Bank overdrafts	(149,379)	(1,402,223)	-	(1,551,602)
		<u>1,357,239</u>	<u>(2,673,981)</u>	<u>-</u>	<u>(1,316,742)</u>
	Bank deposits	-	-	-	-
	Debt				
	Finance leases	(83,454)	60,498	-	(22,956)
	Debts falling due within one year	(200,000)	150,000	-	(50,000)
	Debts falling due after one year	(50,000)	50,000	-	-
		<u>(333,454)</u>	<u>260,498</u>	<u>-</u>	<u>(72,956)</u>
	Net funds/(debt)	1,023,785	(2,413,483)	-	(1,389,698)

3	Reconciliation of net cash flow to movement in net (debt)/funds	2011	2010
		£	£
	(Decrease)/increase in cash in the year	(2,673,981)	813,192
	Cash outflow from decrease in debt and lease financing	260,498	410,939
	Movement in net (debt)/funds in the year	(2,413,483)	1,224,131
	Opening net funds/(debt)	1,023,785	(200,346)
	Closing net (debt)/funds	(1,389,698)	1,023,785

INCORPORATEWEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents the invoiced value of goods and services supplied during the year in the normal course of business excluding value added tax and is net of sales returns, trade discounts and rebates. Revenue is recognised when and to the extent that the company obtains the right to consideration in exchange for its performance under the terms of its contracts with its customers.

1.4 Tangible fixed assets and depreciation

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

Land and buildings leasehold	5% - 20% Straight line basis
Plant and machinery	10% Straight line basis
Fixtures, fittings & equipment	20% - 33 1/3% Straight line basis
Motor vehicles	25% Straight line basis

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

Stock is valued at the lower of cost and net realisable value. Cost is calculated based on standard costs which are regularly updated and adjusted for recorded variances to give a close approximation to actual cost. Net realisable value is based on estimated selling price less further costs expected to be incurred to disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

1.7 Pensions

The company contributes to directors' personal pension plans and operates a stakeholder pension scheme. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the schemes are charged to the profit and loss account as they fall due.

1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

INCORPORATEWEAR LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 28 FEBRUARY 2011****1 Accounting policies (continued)****1.9 Foreign currency translation**

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

1.10 Share-based payments

The company has issued share options to certain directors and employees. These must be measured at fair value and recognised as an expense in the profit and loss account with a corresponding increase in equity. The fair value of the options was estimated at the date of grant using an earnings based approach. The fair value will be charged as an expense in the profit and loss account over the vesting period. The charge is adjusted each year to reflect the expected and actual level of vesting.

1.11 Own shares held by employee benefit trust

In accordance with UITF abstract 38, Accounting for ESOP Trusts, the cost of Incorporatewear shares held by the Employee Benefit Trust is shown as a deduction from shareholders' funds.

2 Turnover

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

3 Operating profit	2011	2010
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets	343,070	379,048
Operating lease rentals		
- Plant and machinery	85,859	95,000
- Other assets	234,766	194,715
Auditors' remuneration (including expenses and benefits in kind)	17,000	22,000
and after crediting		
Profit on disposal of tangible assets	(500)	-
Profit on foreign exchange transactions	(5,995)	(8,282)

4 Investment income	2011	2010
	£	£
Bank interest	6	13
	<u>6</u>	<u>13</u>

INCORPORATEWEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2011

5	Interest payable	2011 £	2010 £
	On bank loans and overdrafts	16,569	16,498
	Hire purchase interest	6,375	16,466
		<u>22,944</u>	<u>32,964</u>
 6	 Taxation	 2011 £	 2010 £
	Domestic current year tax		
	U K corporation tax	62,313	93,735
	Adjustment for prior years	-	(9)
	Total current tax	<u>62,313</u>	<u>93,726</u>
	Deferred tax		
	Origination and reversal of timing differences	-	(21,000)
		<u>62,313</u>	<u>72,726</u>
	 Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>266,150</u>	<u>267,627</u>
	 Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28 00% (2010 - 28 00%)	<u>74,522</u>	<u>74,936</u>
	Effects of		
	Non deductible expenses	6,117	10,612
	Depreciation add back	96,060	106,132
	Capital allowances	(75,360)	(56,783)
	(Profit)/loss on disposal of tangible assets	(140)	-
	Adjustments to previous periods	-	(9)
	Marginal rate relief/small business rate	(20,771)	(19,192)
	Other tax adjustments	(18,115)	(21,970)
		<u>(12,209)</u>	<u>18,790</u>
	 Current tax charge for the year	<u>62,313</u>	<u>93,726</u>

INCORPORATEWEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2011

7 Tangible fixed assets

	Land and buildings leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 March 2010	1,020,484	472,548	1,635,363	2,167	3,130,562
Additions	-	14,996	337,010	-	352,006
At 28 February 2011	1,020,484	487,544	1,972,373	2,167	3,482,568
Depreciation					
At 1 March 2010	441,220	224,831	1,106,135	1,075	1,773,261
Charge for the year	57,499	45,765	239,306	500	343,070
At 28 February 2011	498,719	270,596	1,345,441	1,575	2,116,331
Net book value					
At 28 February 2011	521,765	216,948	626,932	592	1,366,237
At 28 February 2010	579,265	247,717	529,228	1,091	1,357,301

Included above are assets held under finance leases or hire purchase contracts as follows

	Fixtures, fittings & equipment £
Net book values	
At 28 February 2011	48,079
At 28 February 2010	114,054
Depreciation charge for the year	
At 28 February 2011	16,931
At 28 February 2010	50,567

INCORPORATEWEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2011

8 Stocks	2011	2010
	£	£
Raw materials and consumables	27,728	225,394
Finished goods and goods for resale	1,298,653	1,485,693
	<u>1,326,381</u>	<u>1,711,087</u>

9 Debtors	2011	2010
	£	£
Trade debtors	2,745,229	1,799,688
Corporation tax	30,031	30,031
Other debtors	208,902	2,594
Prepayments and accrued income	185,831	132,436
	<u>3,169,993</u>	<u>1,964,749</u>

Trade debtors are subject to financing arrangements

10 Creditors: amounts falling due within one year	2011	2010
	£	£
Bank loans and overdrafts	1,601,602	349,379
Net obligations under hire purchase contracts	22,956	60,498
Trade creditors	1,236,687	1,182,975
Corporation tax	60,926	84,687
Other taxes and social security costs	438,259	473,805
Accruals and deferred income	332,147	2,114,398
	<u>3,692,577</u>	<u>4,265,742</u>
Debt due in one year or less	<u>50,000</u>	<u>200,000</u>

Bank borrowings are secured by fixed and floating charges over all assets of the company

INCORPORATEWEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2011

11 Creditors' amounts falling due after more than one year	2011	2010
	£	£
Bank loans	-	50,000
Net obligations under hire purchase contracts	-	22,956
	-	72,956
Analysis of loans		
Wholly repayable within five years	50,000	250,000
	50,000	250,000
Included in current liabilities	(50,000)	(200,000)
	-	50,000
Loan maturity analysis		
In more than one year but not more than two years	-	50,000
Net obligations under hire purchase contracts		
Repayable within one year	23,904	66,866
Repayable between one and five years	-	23,904
	23,904	90,770
Finance charges and interest allocated to future accounting periods	(948)	(7,316)
	22,956	83,454
Included in liabilities falling due within one year	(22,956)	(60,498)
	-	22,956

The bank loan is secured by a fixed and floating charge over the assets of the company. Interest is charged at 3.25% over the bank base rate.

INCORPORATEWEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2011

12 Provisions for liabilities

	Deferred tax liability £
Balance at 1 March 2010 & at 28 February 2011	<u>47,000</u>

The deferred tax liability is made up as follows.

	2011 £	2010 £
Accelerated capital allowances	<u>47,000</u>	<u>47,000</u>

13 Pension and other post-retirement benefit commitments

Defined contribution

The company contributes to directors' personal pension plans and operates a stakeholder pension scheme. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds.

	2011 £	2010 £
Contributions payable by the company for the year	<u>19,379</u>	<u>17,904</u>

INCORPORATEWEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2011

14 Share-based payment transactions

During the year the remaining 326 options granted on 28 November 2002 at an exercise price of £76.59 per share under the Incorporatewear Enterprise Management Incentive Scheme (EMI) lapsed

On 16 July 2009 77,000 EMI options were granted to the director C G Wood at an exercise price of £1 per share. The options are exercisable at any time within 5 years of the date of grant and there are no vesting conditions. The fair value of the shares at the date of grant was estimated at £1.03 per share using an earnings based approach based on a range of maintainable profits calculated from projected and actual earnings and applying an earnings multiple of between 1.3 and 1.8 based on similar quoted businesses.

The directors have applied the Black-Scholes option pricing model using a risk-free rate of return of 4% and a volatility level of zero giving an estimated option value of 12.649p (2010: 16.074p) per option and £9,740 (2010: £12,377) in total for the 77,000 options granted. On this basis and allowing for the difficulties in estimating accurately the inputs to the option pricing model for an unquoted company, the directors are satisfied that the fair value of the options granted is immaterial and no charge to the profit and loss account has been made in respect of these options.

Further details of the share option plans are as follows:

	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	2011	2011 £	2010	2010 £
At 1 March 2010	77,326	1.32	326	76.59
Granted	-	-	77,000	1.00
Forfeited	(326)	76.59	-	-
Outstanding at 28 February 2011	77,000	1.00	77,326	1.32
Exercisable at 28 February 2011	77,000	1.00	77,326	1.32

No share options were exercised during the year.

The options outstanding at 28 February 2011 have an exercise price of £1 and a weighted average remaining contractual life of 3.38 years.

15 Share capital	2011 £	2010 £
Allotted, called up and fully paid		
793,100 Ordinary shares of £1 each	793,100	793,100

At the year end 77,000 ordinary shares of £1 each were under option at £1 per share exercisable between 16 July 2009 and 15 July 2014.

INCORPORATEWEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2011

16 Statement of movements on reserves

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 March 2010	654,688	(113,000)	819,269
Profit for the year	-	-	203,837
Balance at 28 February 2011	<u>654,688</u>	<u>(113,000)</u>	<u>1,023,106</u>

Other reserves

Capital redemption reserve

Balance at 1 March 2010 & at 28 February 2011

12,000

Reserves for own shares

Balance at 1 March 2010 & at 28 February 2011

(125,000)

The company established the Incorporatewear Employee Benefit Trust on 7 November 2002. At the year end the trust held 9,989 (2010: 9,989) ordinary shares. All options held over the shares lapsed during the year. At 28 February 2010 326 shares were under option to certain employees at an exercise price of £76.59 per share.

17 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	203,837	194,901
Proceeds from issue of shares	-	10,000
Net addition to shareholders' funds	<u>203,837</u>	<u>204,901</u>
Opening shareholders' funds	2,154,057	1,949,156
Closing shareholders' funds	<u>2,357,894</u>	<u>2,154,057</u>

INCORPORATEWEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2011

18 Financial commitments

At 28 February 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 28 February 2012

	Land and buildings		Other	
	2011	2010	2011	2010
	£	£	£	£
Operating leases which expire				
Within one year	-	-	14,164	1,501
Between two and five years	-	-	29,763	55,356
In over five years	198,750	198,750	-	-
	<u>198,750</u>	<u>198,750</u>	<u>43,927</u>	<u>56,857</u>

19 Directors' remuneration

	2011	2010
	£	£
Remuneration for qualifying services	334,252	379,654
Company pension contributions to defined contribution schemes	19,379	17,904
Compensation for loss of office	107,749	-
Sums paid to third parties for directors' services	39,925	23,046
	<u>501,305</u>	<u>420,604</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2010 - 3)

Remuneration disclosed above include the following amounts paid to the highest paid director

Remuneration for qualifying services	126,757	133,304
Company pension contributions to defined contribution schemes	<u>5,254</u>	<u>7,000</u>

INCORPORATEWEAR LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 28 FEBRUARY 2011****20 Employees****Number of employees**

The average monthly number of employees (including directors) during the year was

	2011	2010
	Number	Number
Administration	49	47
Distribution	26	22
	<u>75</u>	<u>69</u>

Employment costs

	2011	2010
	£	£
Wages and salaries	2,272,481	1,967,217
Social security costs	194,440	197,280
Other pension costs	19,379	17,904
	<u>2,486,300</u>	<u>2,182,401</u>

21 Control

There is no ultimate controlling party

22 Related party relationships and transactions

Mr J Banks, who has a beneficial interest in the shares of the company, is a director (with beneficial interest) of HQ Design Limited. During the year HQ Design Limited has provided a design consultancy service to the company. The value of transactions in the year was £253,045 (2010 £213,067). The amount owed to HQ Design Limited at the year end was £95,128 (2010 £50,204).

The transactions were all at arm's length and on a normal commercial basis.