

**Incorporatewear Limited**

**Abbreviated accounts**

**Registered number 3240384**

**For the year ended 31 January 2001**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 January 2001.

### Principal activity and business review

The principal activity of the company in the year was the supply and management of corporate clothing for business users.

The directors are satisfied with the results achieved in the year, which include a 49% increase in turnover, year on year.

This increased level of activity will continue into the early part of the new financial year. The higher stock levels required to meet this activity are reflected in the balance sheet as at 31 January 2001.

### Result for the year

The result for the year is set out on page 4 of the financial statements. The directors do not propose a dividend for the financial year (2000: £Nil).

### Directors and directors' interests

The directors who held office during the year and their beneficial interest in the share capital of the company was as follows:

		Ordinary shares of £1 each	
		At end of year	At beginning of year
Class of share			
RH Thompson	"A" ordinary	4,805	4,805
ML Bunce	(resigned 28 February 2001)	-	-
B Lamb	"A" ordinary	4,805	4,805
L McCall	"A" ordinary	5,952	5,952
J Banks	"B" ordinary	4,778	4,778

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors is to be proposed at the forthcoming annual general meeting.

By order of the board

  
RH Thompson  
Director

Incorporatewear Limited  
Units 18-19  
Minworth Industrial Park  
Minworth  
Birmingham  
West Midlands  
B76 1AH

6 July 2001

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



2 Cornwall Street  
Birmingham  
B3 2DL

## **Report of the auditors to Incorporatewear Limited Pursuant to Section 247B of the Companies Act 1985**

We have examined the abbreviated accounts set out on pages 4 to 14, together with the financial statements of Incorporatewear Limited prepared under Section 226 of the Companies Act 1985 for the year ended 31 January 2001.

### ***Respective responsibilities of directors and auditors***

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

### ***Basis of opinion***

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

### ***Opinion***

In our opinion, the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985 and the abbreviated accounts are properly prepared in accordance with that provision.

A handwritten signature of the KPMG firm, written in a stylized, cursive script.

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

6 July 2001

**Profit and loss account**  
*for the year ended 31 January 2001*

	<i>Note</i>	2001 £	2000 £
<b>Gross profit</b>		<b>2,049,378</b>	1,452,866
Distribution costs		(501,167)	(193,390)
Administrative expenses		(1,197,640)	(979,709)
<b>Operating profit</b>		<b>350,571</b>	279,767
Interest receivable and similar income	2	18,602	823
Interest payable and similar charges	3	(13,476)	(29,813)
Loss on sale of fixed assets		(4,519)	(5,562)
<b>Profit on ordinary activities before taxation</b>	4	<b>351,178</b>	245,215
Tax on profit on ordinary activities	7	(81,741)	(60,893)
<b>Profit on ordinary activities after taxation for the year being profit retained for the year</b>	15	<b>269,437</b>	184,322
Retained profit brought forward		379,972	195,650
<b>Retained profit carried forward</b>		<b>649,409</b>	379,972

All turnover and operating profits arise from continuing operations.

The company has no recognised gains or losses in either the current or preceding year other than the profits for these years.

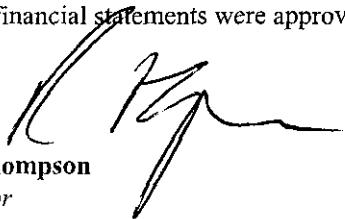
There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

**Balance sheet**  
*at 31 January 2001*

	<i>Note</i>	<b>2001</b>	<b>2000</b>
		£	£
<b>Fixed assets</b>			
Tangible assets	8	203,834	144,154
<b>Current assets</b>			
Stocks	9	1,781,480	968,731
Debtors	10	1,916,143	1,753,884
		<u>3,697,623</u>	<u>2,722,615</u>
<b>Creditors: Amounts falling due within one year</b>	11	<u>(3,165,253)</u>	<u>(2,397,098)</u>
<b>Net current assets</b>		<u>532,370</u>	<u>325,517</u>
<b>Total assets less current liabilities</b>		<u>736,204</u>	<u>469,671</u>
<b>Creditors: Amounts falling due after one year</b>	12	(2,145)	(7,049)
<b>Provision for liabilities and charges</b>	13	(9,000)	(7,000)
<b>Net assets</b>		<u>725,059</u>	<u>455,622</u>
<b>Capital and reserves</b>			
Called up share capital	14	27,302	27,302
Share premium account		48,348	48,348
Profit and loss account		<u>649,409</u>	<u>379,972</u>
<b>Equity shareholders' funds</b>	15	<u>725,059</u>	<u>455,622</u>

These accounts have been prepared in accordance with the Special Provisions of Section 246A(3) of the Companies Act relating to medium sized companies.

These financial statements were approved by the board of directors on 6 July 2001 and were signed on its behalf by:

  
**RH Thompson**  
Director

**Cash flow statement**  
*for the year ended 31 January 2001*

	Note	2001 £	2000 £
<b>Reconciliation of operating profit to net cash flow from operating activities</b>			
Operating profit		350,571	279,767
Depreciation		65,325	65,145
Increase in stocks		(812,749)	(480,625)
Increase in debtors		(162,259)	(1,453,299)
(Decrease)/increase in creditors		(646,301)	1,615,423
		<hr/>	<hr/>
Cash (outflow)/inflow from operating activities		(1,205,413)	26,411
		<hr/>	<hr/>

**Cash flow statement**

Cash (outflow)/inflow from operating activities		(1,205,413)	26,411
Returns on investments and servicing of finance	17(a)	5,126	(28,990)
Taxation		(54,741)	(54,015)
Capital expenditure and financial investment	17(b)	(129,524)	(60,565)
		<hr/>	<hr/>
Cash outflow before financing		(1,384,552)	(117,159)
Financing	17(c)	(178,750)	(100,427)
		<hr/>	<hr/>
Decrease in cash in the year	17(d)	(1,563,302)	(217,586)
		<hr/>	<hr/>

**Reconciliation of net cash flow to movement in net deb**

Decrease in cash in the year		(1,563,302)	(217,586)
Financing		178,750	100,427
		<hr/>	<hr/>
Change in net debt	17(d)	(1,384,552)	(117,159)
Net debt at beginning of year		(257,954)	(140,795)
		<hr/>	<hr/>
Net debt at end of year	17(d)	(1,642,506)	(257,954)
		<hr/>	<hr/>



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

#### *Basis of accounting*

The financial statements have been prepared under the historical cost accounting rules in accordance with applicable Accounting Standards.

#### *Fixed assets and depreciation*

Depreciation is provided so as to write off the cost less estimated residual value of tangible fixed assets over their estimated useful lives as follows:

Leasehold property	-	20% on straight line method
Plant and machinery	-	10% on straight line method
Motor vehicles	-	25% on straight line basis
Computers and equipment	-	20%-25% on straight line basis
Computer software	-	50% on straight line basis

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value.

#### *Taxation*

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Leases*

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the life of the lease.

#### *Foreign currencies*

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in a foreign currency are translated into sterling using rate of the exchange ruling at the balance sheet date. Gains or losses on translation are included in the profit and loss account.

#### *Turnover*

Turnover represents amounts invoiced by the company during the year, excluding value added tax.

#### *Pensions*

The company operates money purchase pension schemes for directors. The assets of the schemes 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.

**Notes (continued)**

**2 Interest receivable and similar income**

	2001 £	2000 £
Bank interest received	18,602	823

**3 Interest payable and similar charges**

	2001 £	2000 £
On bank loans and overdrafts wholly repayable within five years	12,602	27,405
On hire purchase contracts	874	2,408
	<u>13,476</u>	<u>29,813</u>

**4 Profit on ordinary activities before taxation**

	2001 £	2000 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Depreciation	65,325	65,145
Auditors' remuneration:		
For audit services	8,000	6,500
For other services	2,946	3,489
Operating lease rentals:		
Rent of land and buildings	55,900	54,000

**5 Staff numbers and costs**

The average number of persons employed by the company (including the directors) during the year, analysed by category, was as follows:

	Number of employees 2001	2000
Administration	6	3
Distribution	33	23
	<u>39</u>	<u>26</u>

## Notes (continued)

### 5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2001 £	2000 £
Wages and salaries	739,677	549,980
Social security costs	74,924	53,916
Pension costs	5,412	-
	<u>820,013</u>	<u>603,896</u>

### 6 Remuneration of directors

	2001 £	2000 £
Directors' emoluments	244,081	207,067
Company contributions to money purchase pension schemes	5,412	-

	Number of directors	
Number of directors to whom pension contributions relate	3	-

### 7 Tax on profit on ordinary activities

	2001 £	2000 £
Tax charge/(credit):		
Corporation tax at 22% (2000: 20%)	80,000	55,000
Deferred taxation at 25%	2,000	5,652
(Over)/under provision in prior years	(259)	241
	<u>81,741</u>	<u>60,893</u>

## Notes (continued)

### 8 Tangible fixed assets

	Leasehold improvements	Plant and equipment	Motor vehicles	Office equipment and furniture	Total
	£	£	£	£	£
<b>Cost</b>					
At beginning of year	64,472	40,675	45,850	124,235	275,232
Additions	310	16,797	36,864	76,513	130,484
Disposals	-	-	(13,000)	-	(13,000)
At end of year	64,782	57,472	69,714	200,748	392,716
<b>Depreciation</b>					
At beginning of year	24,822	5,002	28,096	73,158	131,078
Charged in year	12,941	3,614	11,938	36,832	65,325
Disposals	-	-	(7,521)	-	(7,521)
At end of year	37,763	8,616	32,513	109,990	188,882
<b>Net book value</b>					
At 31 January 2001	27,019	48,856	37,201	90,758	203,834
At 31 January 2000	39,650	35,673	17,754	51,077	144,154

Included within the net book value of £203,834 is £10,294 (2000: £21,085) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of these assets amounted to £3,591 (2000: £7,429).

### 9 Stocks

	2001 £	2000 £
Raw materials	32,441	369,939
Finished goods	1,749,039	598,792
	1,781,480	968,731

**Notes (continued)**

**10 Debtors**

	2001 £	2000 £
Trade debtors	1,620,436	1,604,091
Other debtors	86,242	-
Prepayments	209,465	149,793
	<hr/> 1,916,143 <hr/>	<hr/> 1,753,884 <hr/>

**11 Creditors: Amounts falling due within one year**

	2001 £	2000 £
Debenture loans	-	168,300
Bank overdraft	1,638,216	74,914
Obligations under finance leases and hire purchase contracts	2,145	7,691
Trade creditors	1,106,452	1,744,950
Corporation tax	80,000	55,000
Other taxes and social security	41,327	227,377
Other creditors	37,047	98,195
Accruals and deferred income	260,066	20,671
	<hr/> 3,165,253 <hr/>	<hr/> 2,397,098 <hr/>

The bank overdraft is secured by an all monies debenture.

**12 Creditors: Amounts falling due after more than one year**

	2001 £	2000 £
Obligations under finance leases and hire purchase contracts	2,145	7,049
	<hr/>	<hr/>

## Notes (continued)

### 13 Provisions for liabilities and charges

The amounts provided for deferred taxation and the amounts not provided are set out below:

	2001		2000	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Difference between accumulated depreciation and capital allowances	9,000	-	7,000	-

### 14 Share capital

	2001	2000
	£	£
<i>Authorised, allotted, called up and fully paid:</i>		
Ordinary "A" shares of £1 each	16,927	16,927
Ordinary "B" shares of £1 each	10,375	10,375
	<u>27,302</u>	<u>27,302</u>

On a return of capital on liquidation or otherwise, the assets of the company available for distribution among the members shall be paid as 65% to the holders of the "A" shares and 35% to the holders of the "B" shares. In all other respects, the holders of the "A" and "B" shares have the same rights.

### 15 Reconciliation of movement in shareholders' funds

	2001	2000
	£	£
Profit for the year	269,437	184,322
Opening shareholders' funds	455,622	271,300
	<u>725,059</u>	<u>455,622</u>
Closing shareholders' funds		

### 16 Commitments under finance lease and hire purchase contracts

	2001	2000
	£	£
Amounts payable within one year	3,096	9,134
Amounts payable between two to five years	3,096	8,382
	<u>6,192</u>	<u>17,516</u>
Less: Finance charges and interest relating to future periods	(1,902)	(2,776)
	<u>4,290</u>	<u>14,740</u>

## Notes (continued)

### 17 Analysis of cash flows

#### (a) Returns on investment and servicing of finance

	£	£
Bank interest received	18,602	823
Bank interest paid	(12,602)	(27,405)
Interest element of hire purchase payments	(874)	(2,408)
	<u>5,126</u>	<u>(28,990)</u>

#### (b) Capital expenditure and financial investment

	£	£
Purchase of tangible fixed assets	(130,484)	(72,141)
Sale of fixed assets	960	11,576
	<u>(129,524)</u>	<u>(60,565)</u>

#### (c) Financing

	£	£
Capital element of hire purchase payments	(10,450)	(18,727)
Debenture loans	(168,300)	(81,700)
	<u>(178,750)</u>	<u>(100,427)</u>

#### (d) Analysis of changes in net debt

	At beginning of year £	Cash flow £	At end of year £
Cash in hand, at bank	-	-	-
Overdrafts	(74,914)	(1,563,302)	(1,638,216)
Debenture loan	(168,300)	168,300	-
Hire purchase financing	(14,740)	10,450	(4,290)
	<u>257,954</u>	<u>(1,384,522)</u>	<u>(1,642,506)</u>

**Notes** *(continued)*

**18 Commitments under operating leases**

Annual commitments under non-cancellable operating leases are as follows:

	<b>Land and buildings</b>	
	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Expiring after more than five years	<b>55,900</b>	54,000

**19 Capital commitments**

There were capital no commitments at 31 January 2001 (2000: £Nil).

**20 Related party transactions**

HQ Limited, a company of which Mr J Banks is a director, has provided a design consultancy service to Incorporatewear Limited. The value of transactions in the period was £248,057 (2000: £18,532). Amounts owing to HQ Design at the year end were £45,787 (2000: £4,167).

The transactions were all at arms length and on a normal commercial basis. There were no other transactions with related parties that would require disclosure under FRS 8.