

Company Registration No. 3240384 (England and Wales)

INCORPORATEWEAR LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2005



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INCORPORATEWEAR LIMITED

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INCORPORATEWEAR LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2005

The directors present their report and financial statements for the year ended 31 August 2005.

Principal activities and review of the business

The principal activity of the company continued to be that of the supply and management of corporate clothing for business use.

The profitable result for the year is further indication of the ongoing success of the business following the re-organisation in 2003. There were further client gains in the year, in particular in the retail sector where the company now has a significant presence. The company has also demonstrated its expertise by winning a number of top industry awards over the past year.

The 2004/05 year represents the quieter year of the company's biennial operating cycle which is driven by the timing of the roll-out of new designs to a number of major clients. The directors expect that this, together with further new client growth, will generate substantial profits in the coming year.

The results for the year were affected by the major investment in both facilities and staff during the year. This included increasing warehouse space by 15%, introducing internet based ordering facilities and improving client service systems. This was the first stage of a planned improvement which will better position the company for improving client service levels and enable further growth in the future.

Results and dividends

The results for the year are set out on page 4.

The directors do not propose a dividend for the financial year (31 August 2004: nil).

Own shares

The Incorporatewear Employee Benefit Trust was set up on 7 November 2002. The trust held 9,889 ordinary shares of £1 each throughout the year. 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 14 to the financial statements.

Directors

The following directors have held office since 1 September 2004:

E H Hindson (non-executive)
R B Pollock
N G Alderman
B Lamb

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 August 2005 1 September 2004	
E H Hindson (non-executive)	-	-
R B Pollock	24,000	24,000
N G Alderman	12,000	12,000
B Lamb	12,000	12,000

Incorporatewear enterprise management incentive scheme

The Incorporatewear Enterprise Management Incentive Scheme was set up on 17 July 2002. The director N G Alderman holds options to purchase 979 shares at an exercise price of £76.59 per share, exercisable between 28 November 2003 and 28 November 2012. No options were granted or exercised during the year.

INCORPORATEWEAR LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005**

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Gordon Leighton be reappointed as auditors of the company will be put to the Annual General Meeting.

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 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 which 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 1985. 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.

By order of the board



.....
N G Alderman

Secretary

.....
16th May 2006

INCORPORATEWEAR LIMITED

**INDEPENDENT AUDITORS' REPORT TO INCORPORATEWEAR LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts set out on pages 4 to 17, together with the financial statements of the company for the year ended 31 August 2005 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state to them in an auditor's report on abbreviated accounts 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, for our audit work, for this report, or for the opinions we have formed.

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 that provision and to report our opinion to you.

Basis of audit opinion

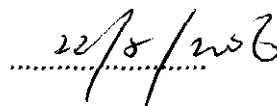
We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the 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 on pages 4 to 17 are properly prepared in accordance with that provision.


Gordon Leighton

Chartered Accountants
Registered Auditor


.....

3rd Floor, 20-23 Greville Street
London
EC1N 8SS

INCORPORATEWEAR LIMITED

**ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2005**

		Year ended 31 August 2005 £	Period ended 31 August 2004 £
	Notes		
Gross profit		2,233,642	1,923,935
Distribution costs		(73,456)	(38,031)
Administrative expenses		(2,000,128)	(1,037,087)
Operating profit	2	160,058	848,817
Interest payable and similar charges	3	(149,247)	(78,044)
Profit on ordinary activities before taxation		10,811	770,773
Tax on profit on ordinary activities	4	(5,462)	(222,873)
Profit on ordinary activities after taxation	13	5,349	547,900

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.

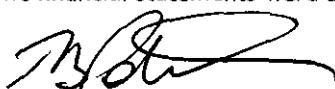
INCORPORATEWEAR LIMITED


**ABBREVIATED BALANCE SHEET
AS AT 31 AUGUST 2005**

	Notes	2005		2004	
		£	£	£	£
Fixed assets					
Tangible assets	5		1,323,961		1,405,764
Current assets					
Stocks	6	2,512,955		2,511,214	
Debtors	7	1,773,719		1,439,907	
Cash at bank and in hand		5,849		8,136	
		4,292,523		3,959,257	
Creditors: amounts falling due within one year	8	(4,256,132)		(3,836,126)	
Net current assets			36,391		123,131
Total assets less current liabilities			1,360,352		1,528,895
Creditors: amounts falling due after more than one year	9		456,108		630,000
Capital and reserves					
Called up share capital	12	120,000		120,000	
Share premium account	13	654,788		654,788	
Own shares	13	(125,000)		(125,000)	
Profit and loss account	13	254,456		249,107	
Shareholders' funds - equity interests	14		904,244		898,895
			1,360,352		1,528,895

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board on 16th May 2006


.....
R B Pollock
Director


.....
N G Alderman
Director

INCORPORATEWEAR LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2005**

	Year ended 31 August 2005 £	Period ended 31 August 2004 £
Net cash inflow from operating activities	562,913	733,113
Returns on investments and servicing of finance		
Interest paid	(149,247)	(78,044)
Net cash outflow for returns on investments and servicing of finance	(149,247)	(78,044)
Taxation	-	(31,250)
Capital expenditure		
Payments to acquire tangible assets	(137,830)	(209,252)
Receipts from sales of tangible assets	5,978	-
Net cash outflow for capital expenditure	(131,852)	(209,252)
Net cash inflow before management of liquid resources and financing	281,814	414,567
Financing		
Repayment of long term bank loan	(180,000)	(90,000)
Capital element of hire purchase contracts	9,260	-
Net cash outflow from financing	(170,740)	(90,000)
Increase in cash in the year	111,074	324,567

INCORPORATEWEAR LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2005**

1 Reconciliation of operating profit to net cash inflow from operating activities		2005	2004
		£	£
Operating profit		160,058	848,817
Depreciation of tangible assets		217,196	121,628
Profit on disposal of tangible assets		(3,541)	-
Increase in stocks		(1,741)	(143,657)
Increase in debtors		(339,274)	(199,837)
Increase in creditors within one year		530,215	106,162
Net cash inflow from operating activities		562,913	733,113

2 Analysis of net debt	1 September 2004	Cash flow	Other non-cash changes	31 August 2005
	£	£	£	£
Net cash:				
Cash at bank and in hand	8,136	(2,287)	-	5,849
Bank overdrafts	(998,358)	113,361	-	(884,997)
	(990,222)	111,074	-	(879,148)
Debt:				
Finance leases	-	(9,260)	-	(9,260)
Debts falling due within one year	(180,000)	-	-	(180,000)
Debts falling due after one year	(630,000)	180,000	-	(450,000)
	(810,000)	170,740	-	(639,260)
Net debt	(1,800,222)	281,814	-	(1,518,408)

3 Reconciliation of net cash flow to movement in net debt		2005	2004
		£	£
Increase in cash in the year		111,074	324,567
Cash outflow from decrease in debt and lease financing		170,740	90,000
Movement in net debt in the year		281,814	414,567
Opening net debt		(1,800,222)	(2,214,789)
Closing net debt		(1,518,408)	(1,800,222)

INCORPORATEWEAR LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2005

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 accounting standards, which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

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.

1.7 Pensions

The company contributes to directors' personal pension plans and operates a stakeholder pension scheme. The asset 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. Unrelieved tax losses are recognised in the financial statements only if there is persuasive and reliable evidence suggesting that suitable taxable profits will be generated in the future.

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.

INCORPORATEWEAR LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005****1 Accounting policies****(continued)****1.10 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. This represents a change in accounting policy. Further details are set out in note 13.

2 Operating profit**2005****2004****£****£**

Operating profit is stated after charging:

Depreciation of tangible assets

217,196

121,628

Loss on foreign exchange transactions

853

-

Operating lease rentals

- Plant and machinery

64,914

42,655

- Land and buildings

180,472

96,688

Auditors' remuneration

18,000

14,500

and after crediting:

Profit on disposal of tangible assets

(3,541)

-

Profit on foreign exchange transactions

-

(1,446)

3 Interest payable**2005****2004****£****£**

On bank loans and overdrafts

149,026

76,570

Hire purchase interest

221

-

On overdue tax

-

1,474

149,24778,044

INCORPORATEWEAR LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005**

4 Taxation	2005	2004
	£	£
Current tax charge	-	-
Deferred tax		
Origination and reversal of timing differences	5,462	222,873
	<u>5,462</u>	<u>222,873</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>10,811</u>	<u>770,773</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	<u>3,243</u>	<u>231,232</u>
Effects of:		
Non deductible expenses	14,228	5,529
Depreciation add back	65,159	36,488
Capital allowances	(53,541)	(43,050)
Profit on disposal of tangible assets	(1,062)	-
Tax losses utilised	(28,027)	(230,199)
	<u>(3,243)</u>	<u>(231,232)</u>
Current tax charge	<u>-</u>	<u>-</u>

The company has estimated losses of £ 292,000 (2004: £ 385,171) available for carry forward against future trading profits.

INCORPORATEWEAR LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005**

5 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2004	1,033,465	241,077	660,967	39,619	1,975,128
Additions	13,897	49,685	62,748	11,500	137,830
Disposals	-	-	-	(28,150)	(28,150)
At 31 August 2005	1,047,362	290,762	723,715	22,969	2,084,808
Depreciation					
At 1 September 2004	124,994	37,208	378,910	28,252	569,364
On disposals	-	-	-	(25,713)	(25,713)
Charge for the year	62,562	23,196	123,941	7,497	217,196
At 31 August 2005	187,556	60,404	502,851	10,036	760,847
Net book value					
At 31 August 2005	859,806	230,358	220,864	12,933	1,323,961
At 31 August 2004	908,471	203,869	282,057	11,367	1,405,764

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

	Motor vehicles £
Net book values	
At 31 August 2005	11,021
Depreciation charge for the year	
At 31 August 2005	479

6 Stocks

	2005 £	2004 £
Raw materials and consumables	165,108	301,052
Finished goods and goods for resale	2,347,847	2,210,162
	2,512,955	2,511,214

INCORPORATEWEAR LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005**

7 Debtors	2005	2004
	£	£
Trade debtors	1,405,750	1,285,733
Corporation tax	31,250	31,250
Other debtors	31,647	9,985
Prepayments and accrued income	287,542	89,947
Deferred tax asset (see note 10)	17,530	22,992
	<u>1,773,719</u>	<u>1,439,907</u>

Unrelieved tax losses are recognised in the financial statements as the losses have resulted from identifiable and non-recurring causes and the company has otherwise been consistently profitable over a long period. Evidence of ongoing profitability in the future for losses to be recognised includes profit forecasts for the next two years.

8 Creditors: amounts falling due within one year	2005	2004
	£	£
Bank loans and overdrafts	1,064,997	1,178,358
Net obligations under hire purchase contracts	3,152	-
Trade creditors	1,912,040	1,995,389
Taxes and social security costs	437,621	98,430
Other creditors	3,000	-
Accruals and deferred income	835,322	563,949
	<u>4,256,132</u>	<u>3,836,126</u>

The term loan and overdraft are secured by a fixed and floating charge over the assets of the company.

INCORPORATEWEAR LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005**

9 Creditors: amounts falling due after more than one year	2005	2004
	£	£
Bank loans	450,000	630,000
Net obligations under hire purchase contracts	6,108	-
	<u>456,108</u>	<u>630,000</u>
Analysis of loans		
Wholly repayable within five years	630,000	810,000
	<u>630,000</u>	<u>810,000</u>
Included in current liabilities	(180,000)	(180,000)
	<u>450,000</u>	<u>630,000</u>
Loan maturity analysis		
In more than one year but not more than two years	180,000	180,000
In more than two years but not more than five years	270,000	450,000
	<u>450,000</u>	<u>630,000</u>
Net obligations under hire purchase contracts		
Repayable within one year	3,152	-
Repayable between one and five years	6,108	-
	<u>9,260</u>	<u>-</u>
Included in liabilities falling due within one year	(3,152)	-
	<u>6,108</u>	<u>-</u>

The term loan is secured by a fixed and floating charge over the assets of the company.

Interest is charged at 2% over the bank base rate on the term loan.

INCORPORATEWEAR LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005****10 Provisions for liabilities and charges**

The deferred tax asset (included in the debtors, note 7) is made up as follows:

	2005 £
Balance at 1 September 2004	(22,992)
Profit and loss account	5,462
	<u> </u>
Balance at 31 August 2005	<u>(17,530)</u>

	2005 £	2004 £
Accelerated capital allowances	55,430	70,919
Tax losses available	(72,960)	(93,911)
	<u> </u>	<u> </u>
	<u>(17,530)</u>	<u>(22,992)</u>

11 Pension costs**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.

	2005 £	2004 £
Contributions payable by the company for the year	10,182	11,771
Contributions payable to the fund at the year end and included in creditors	14,432	9,000
	<u> </u>	<u> </u>

12 Share capital

	2005 £	2004 £
Authorised		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
120,000 Ordinary shares of £1 each	120,000	120,000
	<u> </u>	<u> </u>

INCORPORATEWEAR LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005****13 Statement of movements on reserves**

	Share premium account	Other reserves (own shares)	Profit and loss account
	£	£	£
Balance at 1 September 2004 as previously reported	654,788	-	249,107
Prior year adjustment	-	(125,000)	-
Balance at 1 September 2004 as restated	654,788	(125,000)	249,107
Retained profit for the period	-	-	5,349
Balance at 31 August 2005	654,788	(125,000)	254,456

Own shares

The company established the Incorporatewear Employee Benefit Trust on 7 November 2002. At the year end the trust held 9,889 (2004: 9,889) ordinary shares. 1,305 (2004: 1,305) of the shares were under option to certain employees at an exercise price of £76.59 per share.

Prior year adjustment - change in accounting policy

UITF Abstract 38, Accounting for ESOP Trusts, requires that, until such time as the company's own shares held by an ESOP trust vest unconditionally in employees, the consideration paid for the shares should be deducted in arriving at shareholders' funds. Own shares which have previously been included as fixed asset investments in the balance sheet have been deducted from shareholders' funds. This has resulted in a reduction in shareholders' funds of £125,000.

14 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial year	5,349	547,900
Opening shareholders' funds as restated	898,895	350,995
Closing shareholders' funds	904,244	898,895

Opening shareholders' funds were originally £1,023,895 (2004: £475,995) before deducting prior year adjustments of £125,000.

INCORPORATEWEAR LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005****15 Financial commitments**

At 31 August 2005 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 August 2006:

	Land and buildings			Other
	2005	2004	2005	2004
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	26,642	10,529
Between two and five years	38,200	-	31,141	32,318
In over five years	193,435	193,435	-	-
	<u>231,635</u>	<u>193,435</u>	<u>57,783</u>	<u>42,847</u>

16 Directors' emoluments

	2005	2004
	£	£
Emoluments for qualifying services	290,560	194,035
Company pension contributions to money purchase schemes	10,182	11,771
Sums paid to third parties for directors' services	23,767	8,842
	<u>324,509</u>	<u>214,648</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2004 - 2).

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

Emoluments for qualifying services	102,408	77,017
Company pension contributions to money purchase schemes	<u>5,109</u>	<u>2,771</u>

INCORPORATEWEAR LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005****17 Employees****Number of employees**

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

	2005	2004
	Number	Number
Administration	17	16
Sales and client service	31	23
Distribution	31	29
	<u>79</u>	<u>68</u>

Employment costs

	2005	2004
	£	£
Wages and salaries	1,984,292	1,078,494
Social security costs	180,541	96,224
Other pension costs	10,182	11,771
	<u>2,175,015</u>	<u>1,186,489</u>

18 Ultimate parent company

There is no ultimate controlling party.

19 Related party 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 period HQ Design Limited has provided a design consultancy service to the company. The value of transactions in the period was £231,674 (2004: £153,590). Amounts owing to HQ Design Limited at the year end were £85,655 (2004: £101,415). The transactions were all at arms length and on a normal commercial basis.