

Company Registration No. 3240384 (England and Wales)

INCORPORATEWEAR LIMITED

ABBREVIATED ACCOUNTS

FOR THE PERIOD ENDED 31 AUGUST 2004



INCORPORATEWEAR LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3
Abbreviated profit and loss account	4
Abbreviated balance sheet	5
Cash flow statement	6
Notes to the cash flow statement	7
Notes to the abbreviated accounts	8 - 16

INCORPORATEWEAR LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 AUGUST 2004

The directors present their report and financial statements for the period ended 31 August 2004.

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.

During the period the accounting reference date was changed to 31 August 2004 from 31 January 2004.

The excellent results for the period reflect the benefits arising from the re-organisation of the business undertaken last year and include further significant investment in the company's warehousing facilities to further increase capacity, raise efficiency and improve client service.

As well as gains arising from the lower cost base of the restructured business the period includes the benefit of significant sales to new clients. In addition, sales to existing clients were particularly strong due to the roll-out of new uniform ranges taking place in the period.

New client acquisition continues to be very good and the coming year will see the commencement of sales to a number of significant new clients. The current strength of new business opportunities, including tenders submitted for business totalling over £9 million, support the directors' view that the company is ideally positioned for substantial profitable growth in the coming years.

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

Results and dividends

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

Employee benefit trust

The Incorporatewear Employee Benefit Trust was set up on 7 November 2002. At the period end the trust held 9,889 ordinary shares of £1 each. These shares are held in the company balance sheet as fixed asset "investment in own shares" in line with accounting standards. Further details are disclosed in note 8.

Directors

The following directors have held office since 1 February 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 2004	1 February 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 LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2004

Incorporatewear enterprise management incentive scheme

On the 17 July 2002 the Incorporate Enterprise Management Incentive Scheme was set up. Outstanding options granted to directors to purchase shares in the company were as follows:

Directors	N Alderman
At start of year	979
Granted	0
Exercised	0
At end of year	979
Exercise price per share	£76.59
Market price at the date of exercise	n/a
Date from which exercisable	28 November 2003
Expiry date	28 November 2012

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.

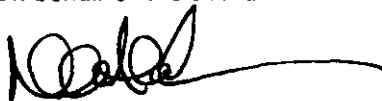
Directors' responsibilities

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 to 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.

On behalf of the board



N G Alderman
Company Secretary
2 November 2004

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 16, together with the financial statements of the company for the period ended 31 August 2004 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company's members, as a body, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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.

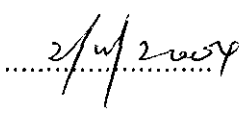
Opinion

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 16 are properly prepared in accordance with that provision.



Gordon Leighton

Chartered Accountants
Registered Auditor



2/11/2004

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

INCORPORATEWEAR LIMITED

**ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 AUGUST 2004**

		31 August 2004 £	31 January 2004 £
	Notes		
Gross profit		1,923,935	964,735
Distribution costs		(38,031)	(92,749)
Administrative expenses		(1,037,087)	(2,156,088)
Operating profit/(loss)	2	848,817	(1,284,102)
Exceptional cost re company restructuring		-	(242,855)
Profit/(loss) on ordinary activities before interest		848,817	(1,526,957)
Other interest receivable and similar income		-	3,234
Interest payable and similar charges	4	(78,044)	(110,457)
Profit/(loss) on ordinary activities before taxation		770,773	(1,634,180)
Tax on profit/(loss) on ordinary activities	5	(222,873)	384,542
Profit/(loss) on ordinary activities after taxation	15	547,900	(1,249,638)

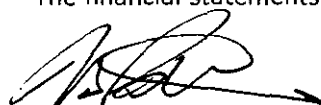
INCORPORATEWEAR LIMITED

**ABBREVIATED BALANCE SHEET
AS AT 31 AUGUST 2004**

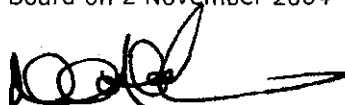
	Notes	31 August 2004 £	31 January 2004 £
Fixed assets			
Tangible assets	6	1,405,764	1,318,140
Investments	7	125,000	125,000
		<u>1,530,764</u>	<u>1,443,140</u>
Current assets			
Stocks	8	2,511,214	2,367,557
Debtors	9	1,416,915	1,185,828
Deferred tax asset	9	22,992	245,865
Cash at bank and in hand		8,136	7,347
		<u>3,959,257</u>	<u>3,806,597</u>
Creditors: amounts falling due within one year	10	(3,836,126)	(4,053,742)
Net current assets/(liabilities)		<u>123,131</u>	<u>(247,145)</u>
Total assets less current liabilities		<u>1,653,895</u>	<u>1,195,995</u>
Creditors: amounts falling due after more than one year	11	(630,000)	(720,000)
		<u>1,023,895</u>	<u>475,995</u>
Capital and reserves			
Called up share capital	14	120,000	120,000
Share premium account	15	654,788	654,788
Profit and loss account	15	249,107	(298,793)
Shareholders' funds - equity interests	16	<u>1,023,895</u>	<u>475,995</u>

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 2 November 2004



R B Pollock
Director



N G Alderman
Director

INCORPORATEWEAR LIMITED

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2004**

	31 August 2004		31 January 2004	
	£	£	£	£
Net cash inflow/(outflow) from operating activities - note 1		701,863		(888,908)
Returns on investments and servicing of finance				
Interest received	-		3,234	
Interest paid	(78,044)		(110,457)	
Net cash outflow for returns on investments and servicing of finance		(78,044)		(107,223)
Capital expenditure				
Payments to acquire tangible assets	(209,252)		(144,050)	
Receipts from sales of tangible assets	-		16,829	
Net cash outflow for capital expenditure		(209,252)		(127,221)
Net cash inflow/(outflow) before management of liquid resources and financing		414,567		(1,123,352)
Financing				
Issue of ordinary share capital	-		740,852	
Cost of share issue	-		(46,197)	
Issue of shares	-		694,655	
Repayment of long term bank loan	(90,000)		(180,000)	
Decrease in debt	(90,000)		(180,000)	
Net cash (outflow)/inflow from financing		(90,000)		514,655
Increase/(decrease) in cash in the period		324,567		(608,697)

INCORPORATEWEAR LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2004**

1	Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities	31 August 2004	31 January 2004
		£	£
	Operating profit/(loss)	848,817	(1,284,102)
	Depreciation of tangible assets	121,628	209,004
	Profit on disposal of tangible assets	-	(20)
	Increase in stocks	(143,657)	(1,354,655)
	(Increase)/decrease in debtors	(231,087)	1,431,796
	Increase in creditors within one year	106,162	351,924
		<u>701,863</u>	<u>(646,053)</u>
	(Outflow) relating to exceptional items	-	(242,855)
		<u>701,863</u>	<u>(888,908)</u>
	Net cash inflow/(outflow) from operating activities	701,863	(888,908)

2	Analysis of net debt	1 February 2004	Cash flow	Other non-cash changes	31 August 2004
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	7,347	789	-	8,136
	Bank overdrafts	(1,322,136)	323,778	-	(998,358)
		<u>(1,314,789)</u>	<u>324,567</u>	<u>-</u>	<u>(990,222)</u>
	Debt:				
	Debts falling due within one year	(180,000)	-	-	(180,000)
	Debts falling due after one year	(720,000)	90,000	-	(630,000)
		<u>(900,000)</u>	<u>90,000</u>	<u>-</u>	<u>(810,000)</u>
	Net debt	<u>(2,214,789)</u>	<u>414,567</u>	<u>-</u>	<u>(1,800,222)</u>

3	Reconciliation of net cash flow to movement in net debt	31 August 2004	31 January 2004
		£	£
	Increase/(decrease) in cash in the period	324,567	(608,697)
	Cash outflow from decrease in debt	90,000	180,000
		<u>414,567</u>	<u>(428,697)</u>
	Movement in net debt in the period	414,567	(428,697)
	Opening net debt	(2,214,789)	(1,786,092)
		<u>(1,800,222)</u>	<u>(2,214,789)</u>
	Closing net debt	(1,800,222)	(2,214,789)

INCORPORATEWEAR LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE PERIOD ENDED 31 AUGUST 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

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

1.3 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% - 25% Straight line basis
Motor vehicles	25% Straight line basis

1.4 Leasing

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

1.5 Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

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 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. 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 PERIOD ENDED 31 AUGUST 2004**

2	Operating profit/(loss)	31 August 2004 £	31 January 2004 £
	Operating profit/(loss) is stated after charging:		
	Depreciation of tangible assets	121,628	209,004
	Operating lease rentals		
	- Motor vehicles	42,655	86,912
	- Land and buildings	96,688	165,750
	Auditors' remuneration	14,500	13,000
	Remuneration of auditors for non-audit work	-	2,200
	and after crediting:		
	Profit on disposal of tangible assets	-	(20)
	Profit on foreign exchange transactions	(1,446)	(10,231)
		<u> </u>	<u> </u>
3	Investment income	31 August 2004 £	31 January 2004 £
	Other interest	-	3,234
		<u> </u>	<u> </u>
4	Interest payable	31 August 2004 £	31 January 2004 £
	On bank loans and overdrafts	76,570	110,457
	On overdue tax	1,474	-
		<u> </u>	<u> </u>
		<u>78,044</u>	<u>110,457</u>

INCORPORATEWEAR LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2004**

5 Taxation	31 August 2004 £	31 January 2004 £
Domestic current year tax		
U.K. corporation tax	-	(94,000)
Current tax charge	-	(94,000)
Deferred tax		
Origination and reversal of timing differences	222,873	(290,542)
	222,873	(384,542)
Factors affecting the tax charge for the period		
Profit/(loss) on ordinary activities before taxation	770,773	(1,634,180)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (31 January 2004: 30.00%)	231,232	(490,254)
Effects of:		
Non deductible expenses	5,529	23,133
Depreciation add back	36,488	62,701
Capital allowances	(43,050)	(54,648)
Tax losses carried forward	-	345,750
Tax losses utilised	(230,199)	-
Lower tax rate on losses carried back	-	19,318
	(231,232)	396,254
Current tax charge	-	(94,000)

The company has estimated losses of £ 385,171 (31 January 2004: £ 1,152,500) available for carry forward against future trading profits.

INCORPORATEWEAR LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2004**

6 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 February 2004	995,306	100,410	630,541	39,619	1,765,876
Additions	38,159	140,667	30,426	-	209,252
At 31 August 2004	1,033,465	241,077	660,967	39,619	1,975,128
Depreciation					
At 1 February 2004	89,448	26,379	309,435	22,474	447,736
Charge for the period	35,546	10,829	69,475	5,778	121,628
At 31 August 2004	124,994	37,208	378,910	28,252	569,364
Net book value					
At 31 August 2004	908,471	203,869	282,057	11,367	1,405,764
At 31 January 2004	905,858	74,031	321,106	17,145	1,318,140

7 Fixed asset investments

	Share in employee benefit trust £
Cost	
At 1 February 2004 & at 31 August 2004	125,000

The investment in own shares represents shares held by the Incorporatewear Employee Benefit Trust set up on 7 November 2002.

At the period end the trust held 9,889 ordinary shares, 1,305 of the shares are under option to employees at an exercise price of £76.59 per share.

8 Stocks

	31 August 2004 £	31 January 2004 £
Raw materials and consumables	301,052	418,717
Finished goods and goods for resale	2,210,162	1,948,840
	2,511,214	2,367,557

INCORPORATEWEAR LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2004**

9 Debtors	31 August 2004 £	31 January 2004 £
Trade debtors	1,285,733	1,013,063
Other debtors	41,235	91,529
Prepayments and accrued income	89,947	81,236
Deferred tax asset (see note 12)	22,992	245,865
	<u>1,439,907</u>	<u>1,431,693</u>

Deferred tax asset above includes approximately £nil (31 January 2004 : £12,300) recoverable after more than one year.

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.

10 Creditors: amounts falling due within one year	31 August 2004 £	31 January 2004 £
Bank loans and overdrafts	1,178,358	1,502,136
Trade creditors	1,995,389	1,610,946
Taxes and social security costs	98,430	112,384
Other creditors	-	250
Accruals and deferred income	563,949	828,026
	<u>3,836,126</u>	<u>4,053,742</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 PERIOD ENDED 31 AUGUST 2004**

11 Creditors: amounts falling due after more than one year	31 August 2004 £	31 January 2004 £
Bank loans	630,000	720,000
Analysis of loans		
Wholly repayable within five years	810,000	900,000
	810,000	900,000
Included in current liabilities	(180,000)	(180,000)
	630,000	720,000
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	450,000	540,000

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.

12 Provisions for liabilities and charges

The deferred tax asset (included in the debtors, note 9) is made up as follows:

	31 August 2004 £	
Balance at 1 February 2004	(245,865)	
Profit and loss account	222,873	
Balance at 31 August 2004	(22,992)	
	31 August 2004 £	31 January 2004 £
Accelerated capital allowances	70,919	57,728
Tax losses available	(93,911)	(303,593)
	(22,992)	(245,865)

INCORPORATEWEAR LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2004**

13 Pension costs

Defined contribution

	31 August 2004	31 January 2004
	£	£
Contributions payable by the company for the period	11,771	4,750

14 Share capital

	31 August 2004	31 January 2004
	£	£
Authorised		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid		
120,000 Ordinary shares of £1 each	120,000	120,000

15 Statement of movements on reserves

	Share premium account	Profit and loss account
	£	£
Balance at 1 February 2004	654,788	(298,793)
Retained profit for the period	-	547,900
Balance at 31 August 2004	654,788	249,107

16 Reconciliation of movements in shareholders' funds

	31 August 2004	31 January 2004
	£	£
Profit/(Loss) for the financial period	547,900	(1,249,638)
Proceeds from issue of shares	-	740,852
Cost of share issue written off to share premium account	-	(55,913)
Net addition to/(depletion in) shareholders' funds	547,900	(564,699)
Opening shareholders' funds	475,995	1,040,694
Closing shareholders' funds	1,023,895	475,995

INCORPORATEWEAR LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2004****17 Financial commitments**

At 31 August 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	31 August 2004	31 January 2004	31 August 2004	31 January 2004
	£	£	£	£
Expiry date:				
Within one year	-	-	10,529	15,226
Between two and five years	-	-	32,318	42,805
In over five years	193,435	193,435	-	-
	<u>193,435</u>	<u>193,435</u>	<u>42,847</u>	<u>58,031</u>

18 Directors' emoluments

	2004	2004
	£	£
Emoluments for qualifying services	194,035	428,470
Compensation for loss of office	-	171,071
	<u>194,035</u>	<u>599,541</u>

19 Employees**Number of employees**

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

	31 August 2004	31 January 2004
	Number	Number
Administration	34	37
Distribution	34	34
	<u>68</u>	<u>71</u>

Employment costs

	£	£
Wages and salaries	1,069,652	1,950,539
Social security costs	96,224	172,155
Other pension costs	11,771	4,750
	<u>1,177,647</u>	<u>2,127,444</u>

INCORPORATEWEAR LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2004

20 Ultimate parent company

There is no ultimate controlling party.

21 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 £153,590 (2004: £215,530). Amounts owing to HQ Design Limited at the year end were £101,415 (2004: £55,037). The transactions were all at arm's length and on a normal commercial basis.