

QUANTUM CLOTHING GROUP LIMITED

Annual Report and Financial Statements

For the year ended 2 April 2011



QUANTUM CLOTHING GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2011

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QUANTUM CLOTHING GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 2011

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M D Shotton
C Pate
K Woodward
RJ Woods

COMPANY SECRETARY

C Pate

REGISTERED OFFICE

North Street
Huthwaite
Sutton in Ashfield
Nottinghamshire
NG17 2PE

BANKERS

HSBC Yorkshire Corporate Banking Centre
4th Floor
City Point
29 King Street
Leeds
LS1 2HL

Barclays Commercial Bank
PO Box 3333
1 Snow Hill
Snow Hill Queensway
Birmingham
B3 2WN

SOLICITORS

Pinsent Masons
1 Park Row
Leeds
LS1 5AB

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Benson House
33 Wellington Street
Leeds
LS1 4JP

QUANTUM CLOTHING GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 2 APRIL 2011

The directors present their annual report and the audited financial statements for the year ended 2 April 2011

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company is the manufacture and sourcing of quality apparel products

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. Our review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties we face

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover and profit margins, as follows

	Total 2011 £'000	Total 2010 £'000	Change %
Turnover	88,434	81,179	8.9
Operating profit/(loss)	3,932	(1,344)	-
Profit/(loss) on ordinary activities before interest	3,932	(1,795)	-

Despite the continuing economic crisis the Quantum business has continued to perform very well. On the back of our major customer continuing good performance along with our own achievements in winning new business, Quantum has added a further 8.9% to its sales line.

Operating profit improved from a loss of £1.3m last year to a profit of £3.9m this year, although last year's result included the waiver of a £3.8m group loan. Even if we normalise the results by excluding this waiver the operating profit for the business still improved by 62%.

As the business continues to stabilise its position, there were no reorganisation costs included in these financial statements for the first time in many years.

Principal risks and uncertainties

The company has a senior management committee that meets monthly and which evaluates the company's risk appetite. The principal risks and uncertainties facing the company are broadly grouped as competitive risks and financial instrument risks.

• Competitive risks

The company has a small number of UK based customers. This allows the business to focus its attention on satisfying these customers at the highest level whilst minimising the overhead and, therefore, the financial risk associated to it.

The principal competitive risk comes from the small number of direct competitors in this market, who are of a quality and magnitude to compete on price and innovation. Whilst price is always a competitive challenge the business is well positioned geographically and in its relationships with its suppliers to remain highly competitive. The company's dedication and reputation for high class innovation means that it is able to mitigate some of this price based competition and also compete in the more lucrative high end products.

QUANTUM CLOTHING GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 2 APRIL 2011 (CONTINUED)

- **Financial instrument risks**

The company is exposed to foreign currency exchange risk by way of a large amount of its raw materials purchases being denominated in US dollars. A senior management committee, which has been in place for several years, considers this exposure on a regular basis. The foreign exchange markets are reviewed on a daily basis by reference to various institutional reports which are considered alongside weekly reviews with our bankers and independent foreign exchange advisers.

- **Use of derivatives**

The company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency.

- **Exposure to price, credit, liquidity and cash flow risk**

Price risk arises on financial instruments because of fluctuations in global foreign currency markets.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. The company has a small number of major High Street retailers as customers. Whilst the business recognises that this is no guarantee of quality of debt, the business continually reviews the situation, through the press, public accounts and its close business relationships with its customers. The businesses covered are considered to be of the highest standing with very well established payment history and unquestionable credit worthiness. The company's debtor days at 2 April 2011 were 26 days (2010: 26 days).

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company manages liquidity risk via invoice financing, trade facilities and short term debt.

Cash flow is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as global foreign currency markets. The group manages this risk, where significant by use of derivatives as explained above.

Future developments

Following the difficult economic environment of the last 2 years and our strong performance in the last 12 months the company continues to be optimistic about the future. This is demonstrated in our strategic manufacturing expansion plans in Cambodia, where a new underwear and lingerie factory went on line in July 2010, and in India where we are currently building a brand new factory which should start to manufacture shirts and underwear in January 2012.

DIRECTORS

The directors who held office during the year and up to the date of signing the financial statements were as follows:

M D Shotton

C Pate

R Woods

K Woodward

DIRECTORS LIABILITY INSURANCE

The Company has maintained directors' liability insurance policy throughout the period. Neither the company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly. No claims have been made either under the indemnities or the insurance policy.

QUANTUM CLOTHING GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 2 APRIL 2011 (CONTINUED)

ENVIRONMENTAL POLICY

Quantum Clothing Group Limited recognises the importance of minimising the environmental impact of its business and requires local management to take responsibility for environmental performance

Customers and the general public can feel confident that this is happening as the company adheres to its Environmental Policy at all levels

ETHICAL POLICY

The company has embarked upon a course to establish itself as a world leader in implementing and driving ethical standards and high standards of labour practices. Our policy is to exceed International Standards, as we believe we have a social responsibility to help educate and personally develop all of our employees. We go to great lengths to ensure that all local and international ethical standards are achieved and maintained

Our factories manufacture worldwide to high standards of working conditions, environmental awareness, health, safety and security. All our employees are treated with respect and their basic human rights are protected and promoted. We have set up a framework to comply with all local and national laws and regulations. In order to verify our high standards to customers, we carry out regular internal, as well as third party, audits on our factories

EMPLOYEE INVOLVEMENT

Regular meetings are held with employee representatives to discuss sales, financial position and prospects. Opportunity is given at these meetings for senior executives to be questioned about matters, which concern the employees

EMPLOYMENT OF DISABLED PERSONS

The company and its subsidiaries have continued the policy regarding the employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Appropriate training is arranged for disabled persons, including retraining for alternative work for those employees who become disabled, to promote their career development within the organisation

DIVIDENDS

The directors have proposed a final dividend for the year ended 2 April 2011 of £302,000 (2010: £nil). This dividend has been approved after the balance sheet date. Interim dividends of £nil (2010: £195,000) were declared and paid during the year

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each director in office at the date the directors' report is approved

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

QUANTUM CLOTHING GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 2 APRIL 2011 (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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.

Approved by the Board of Directors
and signed on behalf of the Board



15 DECEMBER 2011

C Pate
Director

QUANTUM CLOTHING GROUP LIMITED (Company Registration No. 1812)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QUANTUM CLOTHING GROUP LIMITED

We have audited the financial statements of Quantum Clothing Group Limited for the year ended 2 April 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Total Shareholders Funds, the Balance Sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2 April 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.

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



Arif Ahmad (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

15 December 2011

QUANTUM CLOTHING GROUP LIMITED (Company Registration No. 1812)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 2 APRIL 2011**

		2 April 2011 £'000	3 April 2010 £'000
TURNOVER	Note 2	88,434	81,179
Cost of sales		<u>(66,934)</u>	<u>(60,352)</u>
Gross profit		21,500	20,827
Distribution costs		<u>(11,786)</u>	<u>(10,913)</u>
Administrative expenses	3	<u>(5,782)</u>	<u>(11,258)</u>
OPERATING PROFIT/(LOSS)	4	3,932	(1,344)
Discontinued operations			
Profit on sale of fixed assets	5	-	211
Cost of fundamental reorganisation	5	<u>-</u>	<u>(662)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST		3,932	(1,795)
Interest receivable and similar income	7	109	102
Interest payable and similar charges	7	<u>(204)</u>	<u>(228)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		3,837	(1,921)
Tax on profit/(loss) on ordinary activities	8	<u>(1,913)</u>	<u>12,069</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,924</u>	<u>10,148</u>

All results before exceptional items derive from continued operations

There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial year stated above and their historical cost equivalents

QUANTUM CLOTHING GROUP LIMITED (Company Registration No 1812)

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 2 APRIL 2011**

	2 April 2011 £'000	3 April 2010 £'000
Profit for the financial year	1,924	10,148
Current translation differences on foreign currency net investments	(158)	44
Total recognised gains and losses relating to the financial year	1,766	10,192

**RECONCILIATION OF MOVEMENTS IN TOTAL SHAREHOLDERS' FUNDS
AS AT 2 APRIL 2011**

	2 April 2011 £'000	3 April 2010 £'000
Profit for the financial year	1,924	10,148
Dividends	-	(195)
Other recognised (losses)/gains relating to the financial year	(158)	44
Net addition to total shareholders' funds	1,766	9,997
Opening total shareholders' funds	30,216	20,219
Closing total shareholders' funds	31,982	30,216

QUANTUM CLOTHING GROUP LIMITED (Company Registration No. 1812)

**BALANCE SHEET
AS AT 2 APRIL 2011**

	Note	2 April 2011 £'000	3 April 2010 £'000
FIXED ASSETS			
Tangible assets	10	579	606
Investments	11	7,373	6,260
		<u>7,952</u>	<u>6,866</u>
CURRENT ASSETS			
Stocks	12	15,940	10,176
Deferred tax asset	15	10,965	12,878
Debtors	13	17,673	13,451
Cash at bank and in hand		2,029	3,923
		<u>46,607</u>	<u>40,428</u>
CREDITORS' amounts falling due within one year	14	<u>(22,577)</u>	<u>(17,078)</u>
NET CURRENT ASSETS		<u>24,030</u>	<u>23,350</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>31,982</u>	<u>30,216</u>
NET ASSETS		<u>31,982</u>	<u>30,216</u>
CAPITAL AND RESERVES			
Called up share capital	17	606	606
Share premium account	18	8	8
Other reserves	18	992	992
Profit and loss account	18	30,376	28,610
TOTAL SHAREHOLDERS' FUNDS		<u>31,982</u>	<u>30,216</u>

These financial statements on pages 7 to 21 were approved by the Board of Directors on **15 DECEMBER 2011**

Signed on behalf of the Board of Directors



C Pate
Director

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2011

1. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention and on the going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies which have been applied consistently throughout the year are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Cash flow statement

The cash flows of the company are included in the consolidated cash flows of the ultimate holding company. Consequently the company is exempt under the terms of Financial Reporting Standard No 1 (revised 1996) from publishing a cash flow statement.

Consolidation

The company is exempt from preparing consolidated financial statements by virtue of S400 of the Companies Act 2006 as the company itself is ultimately wholly owned by Bramhope Group Holdings Limited which prepares consolidated financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Turnover

Turnover represents the value of goods supplied net of returns. Turnover is recognised when the risk and rewards of ownership have been passed to the customer, which is at the point of receipt.

Tangible fixed assets

Tangible fixed assets are stated at historic cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bring the asset to its working condition for its intended use.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold buildings	2% per annum
Plant and machinery	10% per annum
Freehold land and residential properties are not depreciated	

Investments

Investments held as fixed assets are stated at cost less provision for impairment. Those held as current assets are stated at the lower of cost and net realisable value. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Stocks

Stocks and work-in-progress, are stated at the lower of cost determined on a weighted average basis and net realisable value, after due regard for obsolete and slow moving stock. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell these assets. Deferred tax assets are recognised to the extent that it is regarded, as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2011

1. ACCOUNTING POLICIES (CONTINUED)

Employee trust

Contributions to the Bramhope Group Holdings Employee Benefit Trusts are charged to the profit and loss account as paid, on the basis that the company does not have control of the rights or other access to the future economic benefit it is expected to receive

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term

Pensions

Certain employees were members of the Quantum Clothing Group Limited defined contribution scheme at 2 April 2011. Contributions to this scheme on behalf of these employees have been charged to the profit and loss account for the period to which they relate

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the rates ruling at that date, except where such balances are covered by forward exchange contracts. Translation differences are dealt with in the profit and loss account. Currency translation differences on foreign currency net investments are recognised in reserves

Exceptional items

Exceptional items are items which derive from events or transactions that fall within the ordinary activities of the reporting entity and which individually or, if of a similar type, in aggregate need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view

2. TURNOVER

All the company's turnover, profit/(loss) on ordinary activities before tax and net assets arise from the company's principal activity in the United Kingdom

3. OPERATING EXCEPTIONAL ITEMS

	2011 £'000	2010 £'000
Included within administrative expenses		
Group loans waived	-	3,799
Impairment of lease agreement	-	129
	<hr/>	<hr/>
	-	3,928
	<hr/>	<hr/>

During 2010 group loans were waived with the immediate parent company Accorden Holdings Limited of £3,698,000 and the wholly owned subsidiary Quantum Wholesale Limited of £101,000

The lease impairment of £129,000 related to the provision of dyeing machinery to the joint venture in Sri Lanka

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2011

4. OPERATING PROFIT/(LOSS)

	2011 £'000	2010 £'000
Operating profit/(loss) is after charging/(crediting):		
Depreciation of owned tangible fixed assets	132	124
Rentals under other operating leases	135	112
Auditors' remuneration		
Company audit fees	41	41
Taxation fees	9	9
Other fees	31	8
(Profit)/loss on sale of machinery	(59)	7

5. EXCEPTIONAL ITEMS

	2011 £'000	2010 £'000
Profit on sale of fixed assets	-	211
Cost of fundamental reorganisation	-	662

During 2010 profit on sale of fixed assets £211,000 related to the sale of machinery within the Quantum Knitwear division

The cost of fundamental reorganisation of £662,000 related to the disposal of the company's 50/50 manufacturing Joint Ventures in Bangladesh, SQ Quantum Clothing Limited and SQ Stevensons Chroma Limited for £552,000, termination of lease costs within the Quantum Knitwear Divisions of £130,000, a reduction in the final closure costs for Quantum Wholesale Limited and New Island Clothing Limited in Mauritius of £8,000 and £79,000 respectively and additional closure costs for the exit of operations in Morocco of £67,000

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2011

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2011 £'000	2010 £'000
Directors' remuneration		
Fees (including benefits in kind)	782	768
Company contributions to a defined contribution pension scheme	-	-
	<u>782</u>	<u>768</u>
	Number	Number
Number of directors who are members of defined contribution pension scheme	<u>4</u>	<u>4</u>
 The amounts in respect of the highest paid director are as follows:	£'000	£'000
Emoluments	<u>452</u>	<u>443</u>
	<u>452</u>	<u>443</u>
	Number	Number
Average number of persons employed		
Production	31	33
Sales and distribution	138	133
Administration	<u>63</u>	<u>62</u>
	<u>232</u>	<u>228</u>
 Staff costs during the year (including directors)	£'000	£'000
Wages and salaries	6,134	5,751
Social security costs	514	488
Pension costs	<u>187</u>	<u>177</u>
	<u>6,835</u>	<u>6,416</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME AND INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £'000	2010 £'000
RECEIVABLE		
Interest receivable and similar income	<u>109</u>	<u>102</u>
 PAYABLE		
Bank loan interest	(59)	(84)
All other loans	<u>(145)</u>	<u>(144)</u>
	<u>(204)</u>	<u>(228)</u>

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2011

8. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

a. Analysis of charge in the year	2011 £'000	2010 £'000
Current tax		
United Kingdom corporation tax	-	-
Deferred tax		
Reversal/(recognition) of deferred tax asset	993	(12,069)
Effect of reduced tax rate on opening asset	920	-
Total deferred tax	1,913	(12,069)
Tax on profit/(loss) on ordinary activities	1,913	(12,069)
b. Factors affecting the tax charge for the year	2011 £'000	2010 £'000
The tax assessed for the year is lower (2010 higher) than the standard rate of Corporation tax in the UK (26%) (2010 28%)		
Profit/(loss) on ordinary activities	3,837	(1,921)
Tax charge on the profit/(loss) on ordinary activities at standard rate of 26% (2010 28%)	998	(538)
Effects of:		
Permanent disallowable expenditure and short term timing differences	24	1,525
Capital allowances in excess of depreciation	(289)	(410)
Group relief surrendered for nil consideration	(28)	(29)
Other timing differences	(705)	(548)
Current tax charge for the year (note 8a)	-	-

Factors that may affect future tax changes

Substantial tax losses are carried forward at 2 April 2011 and are available for offset against future trading profits

The rate of corporation tax in the United Kingdom changed to 26% with effect from 1 April 2011. A change in the rate of corporation tax to 26% had been substantively enacted at the balance sheet date, hence deferred tax balances have been shown on this basis. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 was substantively enacted on 5 July 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

9. DIVIDENDS

	2011 £'000	2010 £'000
Equity shares		
Ordinary dividend paid £nil (2010 321.8p) per share	-	195

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2011

10. TANGIBLE FIXED ASSETS

	Freehold Land and buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At 3 April 2010	77	2,497	2,574
Additions	-	167	167
Disposals	-	(288)	(288)
At 2 April 2011	77	2,376	2,453
Accumulated Depreciation			
At 3 April 2010	3	1,965	1,968
Charge for the financial year	-	132	132
Disposals	-	(226)	(226)
At 2 April 2011	3	1,871	1,874
Net book value			
At 2 April 2011	74	505	579
At 3 April 2010	74	532	606

Included in land and buildings is £73,000 of non depreciated assets relating to a residential dwelling at Huthwaite

The directors consider that there is no material difference between the book value and market value of freehold land and buildings at the balance sheet date

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2011

11. INVESTMENTS HELD AS FIXED ASSETS

	Shares in subsidiaries £'000	Loans to subsidiaries £'000	Other Investments £'000	Total £'000
Cost				
At 3 April 2010	1,536	11,822	731	14,089
Foreign exchange translation differences	-	(151)	-	(151)
Additions	802	406	31	1,239
At 2 April 2011	2,338	12,077	762	15,177
Provisions				
At 3 April 2010	-	7,829	-	7,829
Foreign exchange translation differences	-	(25)	-	(25)
At 2 April 2011	-	7,804	-	7,804
Net book value				
At 2 April 2011	2,338	4,273	762	7,373
At 3 April 2010	1,536	3,993	731	6,260

The directors believe that the carrying value of the investments is supported by their underlying net assets

All of the investments are unlisted. During the year £802,000 (2010 £653,000) was invested for the provision of garment manufacturing facilities and sourcing operations, £802,000 (2010 £652,000) in the share capital of Quantum Clothing India (PVT) Limited and £nil (2010 £1,000) in the share capital of Bramhope Clothing Bangladesh Limited.

Loans to subsidiaries increased by £406,000 (2010 £888,000), £209,000 (2010 £560,000) was provided to Quantum Clothing Lanka (PVT) Limited, £nil (2010, £197,000) for the construction of an apartment in Sri Lanka and £nil (2010 £363,000) for an investment in Stevensons Lanka Limited, a 36.3% joint venture for dyeing operations in Sri Lanka, and £197,000 (2010 £328,000) to Quantum Mauritius Limited for operational costs.

Within Other Investments during the year £31,000 (2010 £169,000) was invested in the share capital of Brandix India Apparel City (PVT) Limited a venture set up to create a fully integrated textile unit located in India.

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2011

11. INVESTMENTS HELD AS FIXED ASSETS (CONTINUED)

Investments are held at the year end in the following companies all of which are garment manufacturers or sourcing operations except for those noted as dormant companies and Quantum Clothing Group (Mauritius) Limited, which is an investment company

Name	% Share Holding	Country of incorporation and operation
Quantum Clothing (Cambodia) Limited	100%	Cambodia
Quantum Apparel (Cambodia) Limited	100%	Cambodia
Quantum Clothing Lanka (PVT) Limited	100%	Sri-Lanka
Quantum Clothing Group (Mauritius) Limited	100%	Mauritius
Atkins of Hinckley Limited (dormant)	100%	UK
Global Inc Limited (dormant)	100%	UK
Quantum Intimates Limited (dormant)	100%	UK
Stevensons Limited (dormant)	100%	UK
Stevensons (Dyers) Limited (dormant)	100%	UK
New Island Clothing Limited (dormant)	100%	UK
Cloth Limited (dormant)	100%	UK
Cloth UK Limited (dormant)	100%	UK
Quantum Shirts Limited (dormant)	100%	UK
Quantum Clothing India (PVT) Limited	100%	India
Brandix India Apparel City (PVT) Limited	5%	India
Quantum Lingerie Limited	100%	UK
Quantum Clothing (Bangladesh) Limited	100%	UK

12. STOCKS

	2011 £'000	2010 £'000
Raw materials and consumables	2,539	1,333
Finished goods and goods for resale	13,401	8,843
	<u>15,940</u>	<u>10,176</u>

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2011

13 DEBTORS

	2011 £'000	2010 £'000
Trade debtors	8,138	5,828
Amounts owed by group undertakings	8,837	6,345
Other debtors	471	1,039
Prepayments	227	239
	<u>17,673</u>	<u>13,451</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand

14. CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Bank loans and overdrafts	2,781	1,962
Amounts due in respect of invoice discounting	7,116	3,350
Trade creditors	2,954	3,334
Amounts owed to group undertakings	3,650	2,037
Other taxes and social security	1,941	1,448
Other creditors	3	60
Accruals	4,132	4,887
	<u>22,577</u>	<u>17,078</u>

Bank facilities of £2,781,000 (2010 £1,962,000) are secured by an unlimited multilateral guarantee given by its immediate parent company Accorden Holdings Limited, the ultimate parent company Bramhope Group Holdings Limited and fellow subsidiaries Jeweltex (UK) Limited, Global Inc Limited and Atkins of Hinckley Limited. Amounts due in respect of invoice financing £7,116,000 (2010 £3,350,000) are secured against the book debts of the company. All remaining creditors are unsecured.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2011

15 DEFERRED TAX

	Deferred tax £'000
Provision at start of year	(12,878)
Deferred tax charge in profit and loss account (note 8)	1,913
Provision at end of year (note 15)	(10,965)
Analysis of deferred tax balances:	
	2011 £'000
	2010 £'000
Accelerated capital allowances	(1,052)
Losses	(9,913)
Total provision	(10,965)

There is no provided or unprovided deferred tax liability

16 MATURITY PROFILE OF FINANCIAL LIABILITIES

	Bank Borrowings 2011 £'000	Other 2011 £'000	Total 2011 £'000	Bank Borrowings 2010 £'000	Other 2010 £'000	Total 2010 £'000
Within one year or less	2,781	7,116	9,897	1,962	3,350	5,312
Gross financial liabilities	2,781	7,116	9,897	1,962	3,350	5,312

Other financial liabilities within one year or less of £7,116,000 (2010 £3,350,000) include £7,116,000 (2010 £3,350,000) relating to amounts due in respect of invoice financing

17. CALLED UP SHARE CAPITAL

	2011 Number	2011 £'000	2010 Number	2010 £'000
Authorised				
Ordinary shares of £10 each	65,000	650	65,000	650
Called up, allotted and fully paid				
Ordinary shares of £10 each	60,600	606	60,600	606

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2011

18. RECONCILIATION OF RESERVES

	Share premium £'000	Other reserves £'000	Profit and loss reserves £'000	Total £'000
At 3 April 2010	8	992	28,610	29,610
Profit for the financial year	-	-	1,924	1,924
Other recognised gains relating to the financial year	-	-	(158)	(158)
At 2 April 2011	8	992	30,376	31,376

19. PENSION

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £187,000 (2010 £177,000).

Outstanding pension contributions at the financial year end 2 April 2011 amounted to £nil (2010 £nil).

20. FINANCIAL COMMITMENTS

At 3 April 2010, the company was committed to making the outstanding following payments during the next year in respect of operating leases:

	2011 Other £'000	2010 Other £'000
Operating lease commitments		
Leases which expire		
Within one year	39	23
Within two to five years	170	134
	209	157

Contingent liabilities

Under the terms of a cross guarantee given by its ultimate parent undertaking Bramhope Group Holdings Limited the company has also guaranteed the bank borrowings of its fellow Group Companies, Accorden Holdings Limited, Jeweltex (UK) Limited, Global Inc Limited and Atkins of Hinckley Limited.

In the opinion of the directors, the maximum potential liability arising under this guarantee at 2 April 2011 is £nil (2010 £nil).

Forward Contracts

The company's local currency is pounds sterling but approximately 70% of its purchases are denominated in US dollars. As a result the company is subject to foreign currency exchange risk due to exchange rate movements between pounds sterling and US dollars. The company seeks to reduce this risk by entering into forward contracts.

The company has outstanding forward contracts with the following values at the end of the year:

	2011 £'000	2010 £'000
Forward contracts	41,613	28,450

Capital Commitments

Contracted for at 2 April 2011 of £nil (2010 £nil).

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2011

21 ULTIMATE PARENT COMPANY

Bramhope Group Holdings Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 2 April 2011

The immediate parent company is Accorden Holdings Limited and the ultimate parent company is Bramhope Group Holdings Limited, which are both companies incorporated in the United Kingdom. Copies of the consolidated financial statements for Bramhope Group Holdings Limited are available from the company's registered office at North Street, Huthwaite, Sutton in Ashfield, Notts NG17 2PE. The ultimate controlling party is MD Shotton by virtue of his shareholding in Bramhope Group Holdings Limited.

22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption provided in Financial Reporting Standard No. 8 'Related Party Disclosures' not to disclose transactions with wholly owned group companies.

During the year the company purchased goods from the following related parties:	% Share Holding	2011 £'000	2010 £'000
New Island Clothing (Mauritius) Limited	50.1%	-	223
SQ Quantum Clothing Limited	50.0%	-	1,272
		-	1,495
During the year the company sold goods to the following related parties:	% Share Holding	2011 £'000	2010 £'000
SQ Quantum Clothing Limited	50.0%	-	-
During the year the company sold services to the following related parties	% Share Holding	2011 £'000	2010 £'000
SQ Quantum Clothing Limited	50.0%	-	176
SQ Stevensons Chroma Limited	50.0%	-	17
		-	193
Amounts outstanding at the year end on purchases and sales are as follows and are shown under creditors and debtors due within one year:	% Share Holding	2011 £'000	2010 £'000
New Island Clothing (Mauritius) Limited	50.1%	-	-
SQ Quantum Clothing Limited	50.0%	-	-
SQ Stevensons Chroma Limited	50.0%	-	-
		-	-