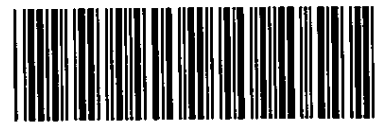


QUANTUM CLOTHING GROUP LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2012

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QUANTUM CLOTHING GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Independent Auditors' report to the members of Quantum Clothing Group Limited	5
Profit and loss account	6
Statement of total recognised gains and losses	7
Reconciliation of movements in shareholders' funds	7
Balance sheet	8
Notes to the financial statements	9

QUANTUM CLOTHING GROUP LIMITED

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 31 MARCH 2012

The directors present their annual report and the audited financial statements for the year ended 31 March 2012

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

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

The directors 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. This review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties that the business faces

The directors consider that the business's 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 2012 £'000	Total 2011 £'000	Change %
Turnover	94,988	88,434	7.4
Operating profit	5,439	3,932	38.3

The business has continued to perform very well despite the prolonged economic crisis, with sales improving yet again, this year by 7.4% ending the year at £95.0m. Operating profit has also continued to improve by some 38.3% on last year with all sectors of the business performing well and contributing to this £1.5m improvement which left the annual profits at £5.4m.

Principal risks and uncertainties

The company has a senior management committee that meets monthly and which evaluates the company's risk appetite. The principal risk 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.

• 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.

QUANTUM CLOTHING GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012 (CONTINUED)

- **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 31 March 2012 were 37 days (2011: 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

Whilst the directors are very aware of the challenging macro economic environment, they are confident that the business will continue to strengthen in the coming year. The new production facilities in Cambodia and India continue to advance and will provide an invaluable addition to the business's World Class manufacturing profile.

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 year. 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.

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.

QUANTUM CLOTHING GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012 (CONTINUED)

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 do not recommend the payment of a final dividend (2011 £nil). Interim dividends of £1,122,000 (2011 £nil) 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 has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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



C Pate
Director

25 MAY 2012

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 31 March 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in 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 31 March 2012 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

25 May 2012

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012**

	Note	2012 £'000	2011 £'000
TURNOVER	2	94,988	88,434
Cost of sales		<u>(71,030)</u>	<u>(66,934)</u>
Gross profit		23,958	21,500
Distribution costs		<u>(12,791)</u>	<u>(11,786)</u>
Administrative expenses		<u>(5,728)</u>	<u>(5,782)</u>
OPERATING PROFIT	3	5,439	3,932
Interest receivable and similar income	5	67	109
Interest payable and similar charges	5	<u>(235)</u>	<u>(204)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,271	3,837
Tax on profit on ordinary activities	6	<u>(2,010)</u>	<u>(1,913)</u>
PROFIT FOR THE FINANCIAL YEAR	16	<u><u>3,261</u></u>	<u><u>1,924</u></u>

All results derive from continued operations

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2012**

	2012	2011
	£'000	£'000
Profit for the financial year	3,261	1,924
Current translation differences on foreign currency net investments	(326)	(158)
Total recognised gains and losses relating to the financial year	2,935	1,766

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
AS AT 31 MARCH 2012**

	31 March	2 April
	2012	2011
	£'000	£'000
Profit for the financial year	3,261	1,924
Dividends (note 7)	(1,122)	-
Other recognised losses relating to the financial year	(326)	(158)
Net addition to shareholders' funds	1,813	1,766
Opening shareholders' funds	31,982	30,216
Closing shareholders' funds	33,795	31,982

QUANTUM CLOTHING GROUP LIMITED (Company Registration No. 1812)

**BALANCE SHEET
AS AT 31 MARCH 2012**

	Note	31 March 2012 £'000	2 April 2011 £'000
FIXED ASSETS			
Tangible assets	8	584	579
Investments	9	10,200	7,373
		<u>10,784</u>	<u>7,952</u>
CURRENT ASSETS			
Stocks	10	13,183	15,940
Deferred tax asset	13	8,955	10,965
Debtors	11	21,536	17,673
Cash at bank and in hand		5,362	2,029
		<u>49,036</u>	<u>46,607</u>
CREDITORS: amounts falling due within one year	12	<u>(26,025)</u>	<u>(22,577)</u>
NET CURRENT ASSETS		<u>23,011</u>	<u>24,030</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>33,795</u>	<u>31,982</u>
NET ASSETS		<u>33,795</u>	<u>31,982</u>
CAPITAL AND RESERVES			
Called up share capital	15	606	606
Share premium account	16	8	8
Other reserves	16	992	992
Profit and loss account	16	32,189	30,376
TOTAL SHAREHOLDERS' FUNDS		<u>33,795</u>	<u>31,982</u>

These financial statements on pages 6 to 19 were approved by the Board of Directors on **25 MAY 2012**

Signed on behalf of the Board of Directors



C Pate
Director

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (CONTINUED)

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	

Fixed asset investments

Fixed asset 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 31 MARCH 2012 (CONTINUED)

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 of access to the future economic benefit from the trust

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 31 March 2012. 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

2. TURNOVER

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

3. OPERATING PROFIT

	2012 £'000	2011 £'000
Operating profit is after charging/(crediting):		
Depreciation of owned tangible fixed assets	142	132
Rentals under other operating leases	127	135
Auditors' remuneration		
Company audit fees	41	41
Taxation fees	9	9
Other fees	-	31
(Profit)/loss on sale of machinery	-	(59)

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (CONTINUED)

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2012 £'000	2011 £'000
Directors' remuneration		
Aggregate emoluments (including benefits in kind)	894	782
Company contributions to a defined contribution pension scheme	-	-
	<u>894</u>	<u>782</u>
	Number	Number
Number of directors who are members of defined contribution pension scheme	4	4
	<u>4</u>	<u>4</u>
The amounts in respect of the highest paid director are as follows:	2012 £'000	2011 £'000
Aggregate emoluments	461	452
	<u>461</u>	<u>452</u>
	Number	Number
Average number of persons employed		
Production	35	31
Sales and distribution	147	138
Administration	76	63
	<u>258</u>	<u>232</u>
	2012 £'000	2011 £'000
Staff costs during the year (including directors)		
Wages and salaries	6,105	6,134
Social security costs	571	514
Pension costs	203	187
	<u>6,879</u>	<u>6,835</u>

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

	2012 £'000	2011 £'000
RECEIVABLE		
Interest receivable and similar income	67	109
	<u>67</u>	<u>109</u>
PAYABLE		
Bank loan interest	(71)	(59)
All other loans	(164)	(145)
	<u>(235)</u>	<u>(204)</u>

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (CONTINUED)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

a. Analysis of charge in the year	2012 £'000	2011 £'000
Current tax		
United Kingdom corporation tax	-	-
Deferred tax		
Reversal of deferred tax asset	1,159	993
Effect of reduced tax rate on opening asset	851	920
Total deferred tax	2,010	1,913
Tax on profit on ordinary activities	2,010	1,913
 b Factors affecting the tax charge for the year	 2012 £'000	 2011 £'000
The tax assessed for the year lower (2011 lower) than the standard rate of Corporation tax in the UK (26%) (2011 26%)		
Profit on ordinary activities	5,271	3,837
Tax charge on the profit on ordinary activities at standard rate of 26% (2011 26%)	1,370	998
Effects of:		
Permanent disallowable expenditure and short term timing differences	13	24
Capital allowances in excess of depreciation	(210)	(289)
Group relief surrender for nil consideration	(28)	(28)
Other timing differences	(1,145)	(705)
Current tax charge for the year	-	-

Factors that may affect future tax changes

Substantial tax losses are carried forward at 31 March 2012 and are available for offset against future trading profits

A number of changes to the UK Corporation tax system have recently been announced. The Finance Act 2012 includes legislation to reduce the main rate of corporation tax from 26% to 24% from 1 April 2012.

Further reductions have been enacted to reduce the rate of corporation tax to 23% from 1 April 2013 and 22% from 1 April 2014, however these reductions had not been substantively enacted at the balance sheet date and, therefore are not included in these financial statements.

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (CONTINUED)

7. DIVIDENDS

	2012 £'000	2011 £'000
Equity shares		
Ordinary dividend paid 1,851 5p (2011 321 8p) per share	<u>1,122</u>	<u>-</u>

8 TANGIBLE FIXED ASSETS

	Freehold Land and buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At 3 April 2011	77	2,376	2,453
Additions	-	147	147
At 31 March 2012	<u>77</u>	<u>2,523</u>	<u>2,600</u>
Accumulated Depreciation			
At 3 April 2011	3	1,871	1,874
Charge for the financial year	-	142	142
At 31 March 2012	<u>3</u>	<u>2,013</u>	<u>2,016</u>
Net book value			
At 31 March 2012	<u>74</u>	<u>510</u>	<u>584</u>
At 2 April 2011	<u>74</u>	<u>505</u>	<u>579</u>

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 31 MARCH 2012 (CONTINUED)

9. FIXED ASSETS INVESTMENTS

	Shares in subsidiaries £'000	Loans to subsidiaries £'000	Other Investments £'000	Total £'000
Cost				
At 3 April 2011	2,338	12,077	762	15,177
Foreign exchange translation differences	(293)	(14)	-	(307)
Additions	4,879	585	-	5,464
Loan waiver	-	(2,330)	-	(2,330)
At 31 March 2012	6,924	10,318	762	18,004
Impairment				
At 31 March and 3 April 2011	-	7,804	-	7,804
At 31 March 2012	6,924	2,514	762	10,200
At 2 April 2011	2,338	4,273	762	7,373

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 £4,879,000 (2011: £802,000) was invested for the provision of garment manufacturing facilities and sourcing operations, £2,330,000 (2011: £nil) in the share capital of Quantum Clothing Lanka (PVT) Limited in the form of a group loan waiver and £2,549,000 (2011: £802,000) in the share capital of Quantum Clothing India (PVT) Limited.

Loans to subsidiaries increased by £585,000 (2011: £406,000). £272,000 (2011: £209,000) was provided to Quantum Clothing Lanka (PVT) Limited for the construction of an apartment in Sri Lanka and £313,000 (2011: £197,000) to Quantum Mauritius Limited for operational costs.

Within Other Investments during the year £nil (2011: £31,000) 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 31 MARCH 2012 (CONTINUED)

9. FIXED ASSETS INVESTMENTS (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

10 STOCKS

	2012 £'000	2011 £'000
Raw materials and consumables	1,217	2,539
Finished goods and goods for resale	11,966	13,401
	<u>13,183</u>	<u>15,940</u>

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (CONTINUED)

11. DEBTORS

	2012 £'000	2011 £'000
Trade debtors	9,643	8,138
Amounts owed by group undertakings	10,962	8,837
Other debtors	637	471
Prepayments	294	227
	<u>21,536</u>	<u>17,673</u>

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

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £'000	2011 £'000
Bank loans and overdrafts	2,961	2,781
Amounts due in respect of invoice discounting	9,470	7,116
Trade creditors	3,658	2,954
Amounts owed to group undertakings	4,589	3,650
Other taxes and social security	1,955	1,941
Other creditors	3	3
Accruals	3,389	4,132
	<u>26,025</u>	<u>22,577</u>

Bank facilities of £2,961,000 (2011 £2,781,000) 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 £9,470,000 (2011 £7,116,000) 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 31 MARCH 2012 (CONTINUED)

13. DEFERRED TAX ASSET

	£'000	
Provision at start of year		10,965
Deferred tax charge in profit and loss account (note 6)		(2,010)
Provision at end of year		8,955
Analysis of deferred tax balances:		
	2012	2011
	£'000	£'000
Accelerated capital allowances	695	1,052
Losses	8,260	9,913
Total provision	8,955	10,965

There is no provided or unprovided deferred tax liability

14. MATURITY PROFILE OF FINANCIAL LIABILITIES

	Bank			Bank		
	Borrowings	Other	Total	Borrowings	Other	Total
	2012	2012	2012	2011	2011	2011
	£'000	£'000	£'000	£'000	£'000	£'000
Within one year or less	2,961	9,470	12,431	2,781	7,116	9,897
Gross financial liabilities	2,961	9,470	12,431	2,781	7,116	9,897

Other financial liabilities within one year or less of £9,470,000 (2011 £7,116,000) include £9,470,000 (2011 £7,116,000) relating to amounts due in respect of invoice financing

15. CALLED UP SHARE CAPITAL

	2012	2012	2011	2011
	Number	£'000	Number	£'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 31 MARCH 2012 (CONTINUED)

16. RESERVES

	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 3 April 2011	8	992	30,376	31,376
Profit for the financial year	-	-	3,261	3,261
Dividends	-	-	(1,122)	(1,122)
Other recognised gains relating to the financial year	-	-	(326)	(326)
At 31 March 2012	8	992	32,189	33,189

17. 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 £203,000 (2011: £187,000).

Outstanding pension contributions at the financial year end 31 March 2012 amounted to £nil (2011: £nil).

18. FINANCIAL COMMITMENTS

The company was committed to making the outstanding following payments during the next year in respect of operating leases:

	2012 Other £'000	2011 Other £'000
Operating lease commitments		
Leases which expire		
Within one year	10	39
Within two to five years	286	170
	296	209

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 31 March 2012 is £nil (2011: £nil).

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (CONTINUED)

18. FINANCIAL COMMITMENTS (CONTINUED)

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 and option contracts with the following values at the end of the year

	2012 £'000	2011 £'000
Forward contracts	<u>61,670</u>	<u>41,613</u>

Option contracts as at 30 March 2012 have a negative mark to market value of £253,000 (2011 £nil)

Capital Commitments

Contracted for at 31 March 2012 of £nil (2011 £nil)

19. 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 31 March 2012.

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.

20. 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.