

QUANTUM CLOTHING GROUP LIMITED

Report and Financial Statements

4 April 2009



QUANTUM CLOTHING GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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QUANTUM CLOTHING GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

M D Shotton
C Pate
K Woodward
RJ Woods

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

SOLICITORS

Pinsent Curtis Biddle
1 Park Row
Leeds
LS1 5AB

AUDITORS

RSM Bentley Jennison
5 Ridge House
Ridge House Drive
Festival Park
Stoke-on-Trent
ST1 5SJ

QUANTUM CLOTHING GROUP LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 4 April 2009.

PRINCIPLE 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:

	Continuing Business	Discontinued Business	Total 2009	Total 2008	Change
	£'000	£'000	£'000	£'000	%
Turnover	76,843	493	77,336	83,644	-8%
Operating profit/(loss)	3,728	(212)	3,516	4,985	-29%
Profit/(loss) before tax & interest	3,728	(5,514)	(1,786)	4,319	-141%

The year ended 4 April 2009 was a very challenging year, not only for Quantum and the whole of the textile industry but also for the business world in general.

Despite the global economic crisis the business turnover fell by only 8% (£6.3m) year on year. Of this reduction in turnover, £3.9m resulted from the closure of our UK based Knitwear operation in May 2008.

The operating profit declined by some £1.5m versus last year, although, in the circumstances, it came in at a respectable £3.5m. Shortfalls were seen across all areas of the business and were largely driven by the impact of the foreign exchange markets since most of the company's raw material purchases are in US dollars.

The most significant shift in the company's results is in the result before tax and interest which declined from a profit of £4.3m in 2008 to a loss of £1.8m in 2009. However, as the table above shows the vast majority of this deficit comes from what are now discontinued operations, demonstrating that the business' swift action has removed the loss making operations in 2008/09, thereby significantly de-risking the business and leaving the profitable continuing operations to go forward on a very stable and secure footing. The major reorganisation processes that took place resulting in these costs were the closure of our UK based Knitwear operation in May 2008 and the effective disposal of two of the businesses' overseas subsidiaries in Morocco and Mauritius in March 2009.

Principal risks and uncertainties

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

- **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 4th April 2009 were 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

Despite the continuing difficult economic climate the business continues to perform well against budget. The business continues to work towards its strategy of being a highly competitive and innovative operation by expanding its wholly owned manufacturing base into India. Construction began at the beginning of August 2009 and the factory should be operational by Q2, 2010.

Market Place

In the final month of the 08/09 year the country seemed obsessed with talk of redundancy and recession. However since the start of this financial year we have matched or beaten our budget each month.

Whilst it is sad that people are losing their jobs, there are still many people in work for whom the recession has had a limited effect.

Our customers budgeted for a severe downturn and that has not happened. We are experiencing some market share growth as some suppliers cease to trade and others struggle to finance their operations. If ever there was a time when the strong would prosper then this must be it.

QUANTUM CLOTHING GROUP LIMITED

DIRECTORS REPORT (CONTINUED)

DIRECTORS

The directors who held office during the year were as follows:

M D Shotton

C Pate

R Woods

K Woodward

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.

DONATIONS

During the year the company made charitable donations totalling £753 (2008: £19,963, to appeals for the Indonesia earthquake; National Forest £6,500; Youth Sports £850 and £250 Cancer Research).


DIVIDENDS

The directors do not recommend the payment of a final dividend. Interim dividends of £2,000,000 were declared and paid during the year.

QUANTUM CLOTHING GROUP LIMITED

DIRECTORS REPORT (CONTINUED)

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

 15 OCTOBER 2009

C Pate
Director

QUANTUM CLOTHING GROUP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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;
- state whether applicable accounting standards have been followed; and
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as is reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

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 4 April 2009, set out on pages 9 to 25.

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).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our 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 auditors' 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

As explained more fully in the Director's Responsibilities Statement, 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 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 (APB's) Ethical Standards for Auditors.

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.

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 4 April 2009 and of its loss 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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.

RSM Bentley Jennison

Jonathan Dudley

Senior Statutory Auditor

for and on behalf of:

RSM Bentley Jennison, Statutory Auditor

5 Ridge House

Ridge House Drive

Festival Park

Stoke on Trent

ST1 5SJ

Date *15 October 2009*

**PROFIT AND LOSS ACCOUNT
YEAR ENDED 4 APRIL 2009**

		Continued Operations 4 April 2009 £'000	Discontinued operations 4 April 2009 £'000	Total 4 April 2009 £'000	Total 5 April 2008 £'000
	Note				
TURNOVER:	4	76,843	493	77,336	83,644
Cost of sales		(57,085)	(616)	(57,701)	(61,636)
Gross profit / (loss)		19,758	(123)	19,635	22,008
Distribution costs		(9,900)	(46)	(9,946)	(11,049)
Administrative expenses	2	(6,130)	(43)	(6,173)	(5,974)
OPERATING PROFIT / (LOSS)	6	3,728	(212)	3,516	4,985
Continued operations					
Cost of fundamental reorganisation	2	-	-	-	(21)
Discontinuing operations					
Cost of fundamental reorganisation	2	-	(5,302)	(5,302)	(645)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST		3,728	(5,514)	(1,786)	4,319
Interest receivable	7			333	234
Interest payable and similar charges	7			(494)	(306)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				(1,947)	4,247
Tax on (loss)/profit on ordinary activities	8			(316)	(130)
(LOSS) / PROFIT FOR THE FINANCIAL YEAR				(2,263)	4,117

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 4 APRIL 2009**

	4 April 2009 £'000	5 April 2008 £'000
(Loss) / profit for the financial year	(2,263)	4,117
Current translation differences on foreign currency net investments	321	16
Total recognised (losses) / gains relating to the financial year	<u>(1,942)</u>	<u>4,133</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
YEAR ENDED 4 APRIL 2009**

	4 April 2009 £'000	5 April 2008 £'000
(Loss) / profit for the financial year	(2,263)	4,117
Dividends	(2,000)	(6,000)
Other recognised gains relating to the financial year	321	16
Net reduction in shareholders' funds	(3,942)	(1,867)
Opening shareholders' funds	24,161	26,028
Closing shareholders' funds	<u>20,219</u>	<u>24,161</u>

QUANTUM CLOTHING GROUP LIMITED (Company Registration No. 1812)

BALANCE SHEET
4 APRIL 2009

	Note	4 April 2009 £'000	5 April 2008 £'000
FIXED ASSETS			
Tangible assets	10	758	3,061
Investments	11	5,786	7,986
		<u>6,544</u>	<u>11,047</u>
CURRENT ASSETS			
Stocks	12	12,232	12,555
Debtors (including £809,000 (2008: £1,125,000) recoverable after more than one year)	13	20,003	17,237
Cash at bank and in hand		1,296	1,500
		<u>33,531</u>	<u>31,292</u>
CREDITORS: amounts falling due within one year	14	<u>(18,717)</u>	<u>(17,642)</u>
NET CURRENT ASSETS		<u>14,814</u>	<u>13,650</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>21,358</u>	<u>24,697</u>
CREDITORS: amounts falling due after more than one year	15	-	(498)
PROVISIONS FOR LIABILITIES AND CHARGES	16	<u>(1,139)</u>	<u>(38)</u>
NET ASSETS		<u>20,219</u>	<u>24,161</u>
CAPITAL AND RESERVES			
Called up share capital	18	606	606
Share premium account	19	8	8
Other reserves	19	992	992
Profit and loss account	19	18,613	22,555
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>20,219</u>	<u>24,161</u>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors



C Pate
Director

15 OCTOBER 2009

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 4 APRIL 2009

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted 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 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 and services supplied net of returns.

Tangible fixed assets

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
Motor vehicles	25% per annum
Fixtures, fittings, tools and equipment	Between 10% and 20% per annum
Computer equipment	25% per annum

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.

Stocks

Stocks and work-in-progress, are stated at the lower of cost 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 ACCOUNTS YEAR ENDED 4 APRIL 2009

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

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

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 4 April 2009. 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. EXCEPTIONAL ITEMS

	2009 £'000	2008 £'000
Included within administrative expenses:		
Release of fixed asset investment provision	-	(708)

The release of fixed asset investment provision during 2008 of £708,000 related to the release of provisions against loans due from subsidiaries.

	2009 £'000	2008 £'000
Included in cost of fundamental reorganisation:		
Cost of fundamental reorganisation	5,302	666

The cost of fundamental reorganisation of £5,302,000 relates to the exit of manufacturing operations in Morocco £3,269,000; closure of the Quantum Knitwear division £832,000; further writedown of fixed assets held in Quantum Knitwear £587,000; exit of manufacturing operations in Mauritius £549,000 and £65,000 for the transfer of Quantum Wholesale Limited operations to Quantum Clothing Group Limited.

During 2008 cost of £666,000 related to £21,000 for the relocation of Stevensons dying activities to the Far East £33,000 to the relocation of Quantum Knitwear to North Street; £18,000 restructuring costs and impairment losses of £594,000 relating to a writedown of fixed assets held in the Quantum Knitwear division at the balance sheet date.

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 4 APRIL 2009

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2009 £'000	2008 £'000
Directors' remuneration		
Fees (including benefits in kind)	774	776
Company contributions to a defined contribution pension scheme	17	146
	<u>791</u>	<u>922</u>
	No.	No.
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	444	444
	<u>444</u>	<u>444</u>
	No.	No.
Average number of persons employed		
Production	36	110
Sales and distribution	141	144
Administration	87	112
	<u>264</u>	<u>366</u>
 Staff costs during the year (including directors)	£'000	£'000
Wages and salaries	5,796	8,262
Social security costs	608	745
Pension costs	231	275
	<u>6,635</u>	<u>9,282</u>

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 4 APRIL 2009

4. TURNOVER

The turnover, profit and net assets arise from the principal activity of the sourcing and sale of manufactured underwear and shirts.

In the opinion of the directors it would be seriously prejudicial to the interests of the company to report segmental information and therefore no such information has been disclosed, in accordance with the exemption available under SSAP25.

5. ANALYSIS OF CONTINUED AND DISCONTINUED OPERATIONS

	Continued 4 April 2009 £'000	Discontinued 4 April 2009 £'000	Total 4 April 2009 £'000	Continued 5 April 2008 £'000	Discontinued 5 April 2008 £'000	Total 5 April 2008 £'000
TURNOVER	76,843	493	77,336	79,704	3,940	83,644
Cost of sales	(57,085)	(616)	(57,701)	(58,111)	(3,525)	(61,636)
Net operating expenses						
Distribution costs	(9,900)	(46)	(9,946)	(10,660)	(389)	(11,049)
Administrative expenses	(6,130)	(43)	(6,173)	(5,199)	(775)	(5,974)
	(16,030)	(89)	(16,119)	(15,859)	(1,164)	(17,023)
Operating profit	<u>3,728</u>	<u>(212)</u>	<u>3,516</u>	<u>5,734</u>	<u>(749)</u>	<u>4,985</u>

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 4 APRIL 2009

6. OPERATING PROFIT

	2009 £'000	2008 £'000
Operating profit is after charging/(crediting):		
Depreciation of owned assets	191	272
Depreciation of non owned assets	69	397
Rentals under other operating leases	67	96
Auditors' remuneration		
Company audit fees	36	33
Taxation fees	31	12
Pension Scheme audit fees	1	2
(Profit)/ loss on sale of machinery	(3)	(133)
	<u> </u>	<u> </u>

7. INTEREST RECEIVABLE AND INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £'000	2008 £'000
RECEIVABLE		
Interest receivable and similar income	86	234
Inter group interest	247	-
	<u>333</u>	<u>234</u>
PAYABLE		
Bank loan interest	(71)	(54)
On finance leases	(73)	(205)
Group loan balances waived	(200)	-
All other loans	(150)	(47)
	<u>(494)</u>	<u>(306)</u>

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 4 APRIL 2009

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

a. Analysis of charge in the year	2009 £'000	2008 £'000
Current tax		
United Kingdom corporation tax at 28% (2008: 30%) based on the (loss)/profit for the year	-	-
Current tax charge (note 8b)	-	-
Reversal/(recognition) of deferred tax asset (see note 16)	316	130
Total deferred tax	316	130
Tax on (loss)/profit on ordinary activities	316	130
b. Factors affecting the tax charge for the year		
(Loss)/profit on ordinary activities before taxation	(1,947)	4,247
Tax charge on the (loss)/profit on ordinary activities at standard rate	(545)	1,274
Effects of:		
Permanent disallowable expenditure and short term timing differences	1,492	(175)
Depreciation in excess of capital allowances	(419)	(675)
Loss utilised	(528)	(354)
Group relief	-	(70)
Current tax charge for the year (note 8a)	-	-

Factors that may affect future tax changes.

Substantial tax losses are carried forward at 4 April 2009 and are available for offset against future trading profits.

9. DIVIDENDS

	2009 £'000	2008 £'000
Equity shares		
Dividends paid	2,000	6,000

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 4 APRIL 2009

10. TANGIBLE FIXED ASSETS

	Freehold Land and buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At 6 April 2008	76	6,887	6,963
Additions	1	135	136
Disposals	-	(3,038)	(3,038)
At 4 April 2009	77	3,984	4,061
Depreciation			
At 6 April 2008	3	3,899	3,902
Charge for the year	-	260	260
Impairment of fixed assets	-	587	587
Disposals	-	(1,446)	(1,446)
At 4 April 2009	3	3,300	3,303
Net book value			
At 4 April 2009	74	684	758
At 6 April 2008	73	2,988	3,061

Within plant and machinery £145,000 (2008: £2,707,000) relates to net book value of assets held under finance leases and the impairment of fixed assets charge £587,000 (2008: £594,000) represents an additional charge for depreciation on assets held under finance leases.

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 ACCOUNTS YEAR ENDED 4 APRIL 2009

11. INVESTMENTS HELD AS FIXED ASSETS

	Shares in subsidiaries £'000	Loans to subsidiaries £'000	Other Investments £'000	Total £'000
Cost				
At 6 April 2008	543	13,085	2,066	15,694
Foreign exchange translation differences	-	532	-	532
Additions	353	62	246	661
Disposals	(13)	(1,212)	(544)	(1,769)
Repaid	-	(1,488)	-	(1,488)
At 4 April 2009	883	10,979	1,768	13,630
Provisions				
At 6 April 2008	-	7,598	110	7,708
Foreign exchange translation differences	-	246	-	246
Released on disposal	-	-	(110)	(110)
At 4 April 2009	-	7,844	-	7,844
Net book value				
At 4 April 2009	883	3,135	1,768	5,786
At 6 April 2008	543	5,487	1,956	7,986

All of the investments are unlisted. During the year £353,000 was invested for the provision of garment manufacturing facilities, £346,000 in the share capital of Quantum Clothing India (PVT) Limited and £7,000 in the share capital of Quantum Shirts SARL located in Morocco, both companies 100% owned subsidiaries of Quantum Clothing Group Limited. The company also acquired the share capital of Quantum Lingerie Limited, a new 100% owned subsidiary, for £1. Within Other Investments during the year £220,000 was invested in garment manufacturing facilities and £26,000 paid for textile dyeing operations, both amounts being invested in 50/50 joint ventures in Bangladesh where joint management is based on equal shareholdings and equal control over operations. On 2 April 2009 the company disposed of its manufacturing subsidiaries in Morocco, Jeweltex Maroc SARL and Quantum Shirts SARL. The shares of both companies were sold for a £1 consideration on completion.

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

Name	% Share Holding	Country of Incorporation
New Island Clothing (Cambodia) Limited	100%	Cambodia
Quantum Clothing Lanka (Private) Limited	100%	Sri-Lanka
Quantum Clothing Group (Mauritius) Limited	100%	Mauritius
Atkins of Hinckley Limited (dormant)	100%	UK
Global Inc Limited (dormant)	100%	UK
Jeweltex (UK) 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 GROUP LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 4 APRIL 2009

11. INVESTMENTS HELD AS FIXED ASSETS (CONTINUED)

Name	% Share Holding	Country of Incorporation
Quantum Clothing India (PVT) Limited	100%	India
Brandix India Apparel City (PVT) Limited	5%	India
SQ Stevensons Chroma Limited	50%	Bangladesh
SQ Quantum Clothing Limited	50%	Bangladesh
Quantum Lingerie Limited	100%	UK
Quantum Clothing Group (Mauritius) Limited holds 50.1% of the ordinary share capital of New Island Clothing Limited, a garment manufacturer incorporated in Mauritius.		
Quantum Clothing Lanka (Private) Limited holds 36.3% of the ordinary share capital of Stevensons Lanka (Private) Limited, a textile dyeing joint venture, incorporated in Sri Lanka.		

12. STOCKS

	2009 £,000	2008 £'000
Raw materials and consumables	2,463	2,609
Work-in-progress	-	37
Finished goods and goods for resale	9,769	9,909
	<u>12,232</u>	<u>12,555</u>

13. DEBTORS

AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009 £'000	2008 £'000
Deferred taxation	<u>809</u>	<u>1,125</u>

The deferred tax asset is calculated on the basis of the expected reversal of the tax losses.

AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £'000	2008 £'000
Trade debtors	5,543	3,093
Amounts owed by group undertakings	11,709	11,938
Other debtors	546	361
Prepayments and accrued income	1,396	720
	<u>19,194</u>	<u>16,112</u>
	2009 £'000	2008 £'000
TOTAL DEBTORS	<u>20,003</u>	<u>17,237</u>

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 4 APRIL 2009

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 Company £'000	2008 Company £'000
Bank loans and overdrafts	1,754	695
Amounts due in respect of invoice discounting	3,846	187
Obligations under finance leases	199	593
Trade creditors	5,380	4,468
Amounts owed to group undertakings	4,228	6,171
Other taxes and social security	1,185	1,914
Other creditors	14	150
Accruals and deferred income	2,111	3,464
	<u>18,717</u>	<u>17,642</u>

Bank facilities of £1,754,000 (2008: £695,000) 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 £3,846,000 (2008: £187,000) are secured against the book debts of the company and obligations under finance leases of £199,000 (2008: £593,000) are secured against the plant and machinery of the Quantum Knitwear manufacturing unit to which they relate. All remaining creditors are unsecured.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009 Company £'000	2008 Company £'000
Obligations under finance leases	-	498

Obligations under finance leases are secured against the plant and machinery of the Quantum Knitwear manufacturing unit to which they relate.

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 4 APRIL 2009

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation £'000	Re- Organisation And Disposals £'000	Total £'000
Balance at 6 April 2008	-	38	38
Profit and loss charge	-	1,425	1,425
Applied	-	(324)	(324)
Balance at 4 April 2009	-	1,139	1,139

The elements of deferred taxation are as follows:

	2009 £'000	2008 £'000
Tax losses	(809)	(1,125)
Deferred tax asset (see note 13)	(809)	(1,125)
Deferred tax liability	-	-

There is no provided or unprovided deferred tax liability.

All of the provisions above relate to the reorganisation of specific businesses and will be expensed during 2009/10.

17. MATURITY PROFILE OF FINANCIAL LIABILITIES

	Bank Borrowings 2009 £'000	Other 2009 £'000	Total 2009 £'000	Bank Borrowings 2008 £'000	Other 2008 £'000	Total 2008 £'000
Within one year or less	1,754	4,045	5,799	695	780	1,475
More than one year but not more than two years	-	-	-	-	498	498
More than two years but not more than five years	-	-	-	-	-	-
Gross financial liabilities	1,754	4,045	5,799	695	1,278	1,973

Other financial liabilities within one year or less of £4,045,000 (2008: £780,000) include £3,846,000 (2008: £187,000) relating to amounts due in respect of invoice financing and £199,000 (2008: £593,000) relating to obligations under finance leases. Amounts due in more than one year relate to obligations under finance leases.

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 4 APRIL 2009

18. CALLED UP SHARE CAPITAL

	2009 No.	2009 £'000	2008 No.	2008 £'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

19. RECONCILIATION OF RESERVES

	Share premium £'000	Other reserves £'000	Profit and loss reserves £'000	Total £'000
At 6 April 2008	8	992	22,555	23,555
Retained loss for the financial year	-	-	(2,263)	(2,263)
Other recognised losses relating to the financial year	-	-	321	321
Dividend	-	-	(2,000)	(2,000)
At 4 April 2009	8	992	18,613	19,613

20. 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 £231,000 (2008: £275,000).
Outstanding pension contributions at the financial year end 4 April 2009 amounted to £nil (2008: £1,000).

21. FINANCIAL COMMITMENTS

At 4 April 2009, the group was committed to making the outstanding following payments during the next year in respect of operating leases.

	2009		2008	
Operating lease commitments	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Leases which expire:				
Within one year	-	5	-	32
Within two to five years	-	135	-	128
	-	140	-	160

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 4 APRIL 2009

21. FINANCIAL COMMITMENTS (CONTINUED)

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 subsidiaries, 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 4 April 2009 is £nil (2008: £nil).

Forward Contracts

The company's local currency is pounds sterling but approximately 61% 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.

	2009 £'000	2008 £'000
Forward contracts	24,072	13,118

Capital Commitments

Contracted for at 4 April 2009 £427,000 (5 April 2008: £234,000).

At 4 April 2009 £427,000 of the capital commitments were made on behalf of a subsidiary Quantum Clothing India (PVT) Limited.

22. ULTIMATE PARENT COMPANY

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 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.

QUANTUM CLOTHING GROUP LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 4 APRIL 2009

23. RELATED PARTY TRANSACTIONS

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

During the year the company purchased goods from the following related parties:	% Share Holding	2009 £'000	2008 £'000
New Island Clothing Limited	50.1%	2,424	4,012
SQ Quantum Clothing Limited	50.0%	1,251	-
		<u>3,675</u>	<u>4,012</u>
During the year the company sold goods to the following related parties:	% Share Holding	2009 £'000	2008 £'000
SQ Quantum Clothing Limited	50.0%	75	-
During the year the company sold services to the following related parties:	% Share Holding	2009 £'000	2008 £'000
SQ Quantum Clothing Limited	50.0%	315	-
SQ Stevensons Chroma Limited	50.0%	42	-
		<u>357</u>	<u>-</u>
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	2009 £'000	2008 £'000
New Island Clothing Limited	50.1%	(224)	(368)
SQ Quantum Clothing Limited	50.0%	390	-
SQ Stevensons Chroma Limited	50.0%	42	-
		<u></u>	<u></u>