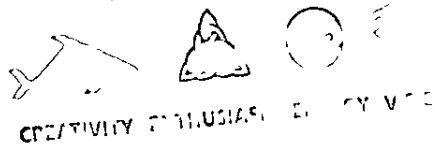


1700

Company Registration No 895642 (England and Wales)

REGISTRAR'S COPY:  
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[www.hwfisher.co.uk](http://www.hwfisher.co.uk)



**INTERNATIONAL CLOTHING DESIGNS  
(HOLDINGS) LIMITED**

**DIRECTORS' REPORT AND GROUP ACCOUNTS**

**FOR THE YEAR ENDED 31 JULY 2006**

THURSDAY



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COMPANIES HOUSE

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	R Caring J W S Lawrence J Tipper
<b>Secretary</b>	R Hampshire
<b>Company number</b>	895642
<b>Registered office and Business address</b>	26-28 Conway Street London W1T 6BQ
<b>Auditors</b>	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER
<b>Bankers</b>	HSBC Bank Plc PO Box 648 Poultry & Prince's Street London EC2P 2BX

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# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

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# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## DIRECTORS' REPORT

*FOR THE YEAR ENDED 31 JULY 2006*

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The directors present their report and group accounts for the year ended 31 July 2006

### Principal activities

The principal activity of the group continues to be the sale and distribution of clothing and accessories

### Review of business

The highly competitive nature of the UK ladies clothing market continues. High Street retailers continue to offer significant discounts to maintain turnover and market share.

The effect on the group has been to deflate our selling prices with a resultant reduction to turnover and gross profit. In response, the directors implemented a number of actions across the group to improve the efficiency of the supply chain and reduce overheads. However, these benefits have been offset by the exceptional cost of an onerous lease on a warehouse the group had previously used. The directors have taken the full anticipated cost of this lease up to its expiry in April 2008 to the profit and loss account this year.

Overall, the financial result is satisfactory given the highly competitive nature of the UK clothing market. The directors continue to improve operational efficiency while continuing to work closely with both existing and potential customers on a range of products consistent with the group's long-term objective to increase sales and improve profitability.

The group made a pre-tax profit of £93,301 (2005 - a loss of £523,644) for the year on a turnover of £69,354,825 (2005 - £74,219,441).

At 31 July 2006 the group had net assets of £6,737,324 (2005 - £6,060,032).

### Risk

The Principal risks and uncertainties facing the group arise from the high level of Retailer competition combined with the relatively static level of overall spending. The directors consider there is a risk of declining retail sales as the cost of credit increases.

The directors recognise they have little influence over these economic risks, however, the directors have taken actions to minimise the effect of these factors wherever possible and in particular, the currency risk.

As the group purchases all goods for resale in foreign currency, the directors accept the group has a significant financial exposure to movements in exchange rates. If the group did nothing, the purchase price for the group's product would be uncertain until the purchase invoice is paid. In the opinion of the directors, this would be an unacceptable risk and therefore, it is the group's policy to mitigate this risk using currency hedging techniques. The directors continue to review their exchange risk strategy to ensure it continues to manage this currency risk effectively and efficiently.

In the opinion of the directors there are no Key Performance Indicators whose disclosure is necessary for an understanding of the development, performance or position of the business.

### Dividends

During the year, the directors reached agreement with the holders of the company's preference shares to change the terms in respect of dividend rights and redemption of these shares, as set out in note 20 of these accounts. The directors declared dividends of £311,850 to 26 July 2006 at that point when the change in status took place. The directors do not recommend any final dividend in respect of any class of shares as the company has no distributable reserves as at 31 July 2006.

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2006

### Directors and their interests

The directors who served during the year were

	Ordinary shares of £ 1 each	
	31 July 2006	1 August 2005
R Caring	9,998	9,998
J W S Lawrence	-	-
J Tipper	-	-

	Preference shares of £ 1 each	
	31 July 2006	1 August 2005
R Caring	-	-
J W S Lawrence	-	-
J Tipper	-	-

During the year J A Macauley resigned as a director on 30 March 2006 J Tipper was appointed director on 8 March 2006

### Charitable contributions

During the year the group made charitable donations of £68,435 (2005 £12,196)

### Disclosure of information to auditors

Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditors are unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

### Auditors

The company has passed elective resolutions not to appoint Auditors annually.

On behalf of the Board

J Tipper  
Director  
Dated

4 June 2007

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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The directors are responsible for preparing the accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to give a true and fair view of the state of affairs of the group and of the company and of the profit or loss of the group for that period.

In preparing these accounts, the directors are required to

- \* select suitable accounting policies and then apply them consistently,
- \* make judgements and estimates that are reasonable and prudent,
- \* prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accounts of International Clothing Designs (Holdings) Limited for the year ended 31 July 2006 set out on pages 5 to 25. These accounts have been prepared under the accounting policies set out on pages 9 and 10.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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

The directors' responsibilities for preparing the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are as described on page 3.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the accounts.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

### Opinion

In our opinion:

- \* the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the group and of the company as at 31 July 2006 and of the group's loss for the year then ended,
- \* the accounts have been properly prepared in accordance with the Companies Act 1985, and
- \* the information given in the Directors' Report is consistent with the accounts.

*H W Fisher & Co*

H W Fisher & Company

Chartered Accountants

Registered Auditor

Acre House

11-15 William Road

London

NW1 3ER

Great Britain

Dated

*4 Jan 2007*

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2006

	Notes	2006 £	2005 £
<b>Turnover</b>			
Continuing operations		69,354,825	71,356,948
Discontinued activities		-	2,862,493
	2	69,354,825	74,219,441
Cost of sales	3	(61,519,987)	(65,346,884)
<b>Gross profit</b>		7,834,838	8,872,557
Distribution costs	3	-	(510,105)
Administrative expenses	3	(7,150,173)	(7,405,268)
Exceptional costs re onerous lease		(658,468)	-
<b>Operating profit</b>	4	26,197	1,520,302
Continuing operations		-	(563,118)
Discontinued activities		-	-
		26,197	957,184
Net loss on sale of operations		-	(945,215)
<b>Profit on ordinary activities before interest</b>		26,197	11,969
Other income	7	976,866	489,597
Interest payable and similar charges	8	(909,762)	(1,025,210)
<b>Profit/(loss) on ordinary activities before taxation</b>		93,301	(523,644)
Tax on profit/(loss) on ordinary activities	9	(367,016)	61,313
<b>Loss on ordinary activities after taxation</b>		(273,715)	(462,331)
Dividends (in respect of non-equity shares)	11	(311,850)	(155,925)
<b>Retained loss for the year</b>		(585,565)	(618,256)
Accumulated loss brought forward		(726,784)	(145,009)
Transfers from revaluation reserve		48,874	36,481
<b>Accumulated loss carried forward</b>		(1,263,475)	(726,784)

There are no recognised gains and losses other than those passing through the profit and loss account



# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 JULY 2006

	2006 £	2005 £
Loss for the financial year	(273,715)	(462,331)
Unrealised gain on revaluation of properties	951,007	-
Total recognised gains and losses relating to the year	<u>677,292</u>	<u>(462,331)</u>

## NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2006 £	2005 £
Reported profit/(loss) on ordinary activities before taxation	93,301	(523,644)
Difference between depreciation charge on revalued amount and on the historical cost basis	<u>48,874</u>	<u>36,481</u>
Historical cost profit/(loss) on ordinary activities before taxation	<u>142,175</u>	<u>(487,163)</u>
Historical cost (loss) for the year retained after taxation and dividends	<u>(536,691)</u>	<u>(581,775)</u>

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## BALANCE SHEETS AS AT 31 JULY 2006

		Group		Company	
		2006	2005	2006	2005
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	12	70,508	145,669	-	-
Tangible assets	13	7,338,651	6,509,481	7,281,052	6,449,349
Investments	14	-	-	25,006	25,006
		<u>7,409,159</u>	<u>6,655,150</u>	<u>7,306,058</u>	<u>6,474,355</u>
<b>Current assets</b>					
Stocks	15	6,073,188	6,162,519	2,409,070	961,000
Debtors	16	11,152,509	11,406,648	7,698,175	6,272,753
Cash at bank and in hand		6,860,716	2,588,488	813,287	2,313,883
		<u>24,086,413</u>	<u>20,157,655</u>	<u>10,920,532</u>	<u>9,547,636</u>
<b>Creditors, amounts falling due within one year</b>	17	<u>(21,189,077)</u>	<u>(17,322,775)</u>	<u>(9,932,392)</u>	<u>(9,297,368)</u>
<b>Net current assets</b>		<u>2,897,336</u>	<u>2,834,880</u>	<u>988,140</u>	<u>250,268</u>
<b>Total assets less current liabilities</b>		<u>10,306,495</u>	<u>9,490,030</u>	<u>8,294,198</u>	<u>6,724,623</u>
<b>Creditors amounts falling due after more than one year</b>	18	<u>(2,939,998)</u>	<u>(3,429,998)</u>	<u>(2,939,998)</u>	<u>(3,429,998)</u>
<b>Provisions for liabilities and charges</b>	19	<u>(629,173)</u>	<u>-</u>	<u>(629,173)</u>	<u>-</u>
		<u>6,737,324</u>	<u>6,060,032</u>	<u>4,725,027</u>	<u>3,294,625</u>
<b>Capital and reserves</b>					
Called up share capital	20	4,464,998	4,464,998	4,464,998	4,464,998
Revaluation reserve	21	3,068,026	2,165,893	3,068,026	2,165,893
Other reserves	21	467,775	155,925	467,775	155,925
Profit and loss account		<u>(1,263,475)</u>	<u>(726,784)</u>	<u>(3,275,772)</u>	<u>(3,492,191)</u>
	22	<u>6,737,324</u>	<u>6,060,032</u>	<u>4,725,027</u>	<u>3,294,625</u>
<b>Equity interests</b>		<u>1,814,549</u>	<u>1,449,107</u>	<u>(197,748)</u>	<u>(1,316,300)</u>
<b>Non-equity interests</b>		<u>4,922,775</u>	<u>4,610,925</u>	<u>4,922,775</u>	<u>4,610,925</u>
		<u>6,737,324</u>	<u>6,060,032</u>	<u>4,725,027</u>	<u>3,294,625</u>

The accounts were approved by the board on

4 June 2007

J Tipper  
Director



# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2006

	Notes	2006 £	2005 £
Net cash inflow from operating activities	23	354,826	1,633,119
Returns on investments and servicing of finance			
Interest received	968,455	489,597	
Interest paid	(909,762)	(1,024,757)	
Interest element of hire purchase and finance lease rentals	-	(453)	
Net cash inflow/(outflow) from returns on investments and servicing of finance		58,693	(535,613)
Corporation tax		(56,812)	(56,824)
Capital expenditure			
Payments to acquire tangible fixed assets	(145,180)	(355,327)	
Receipts from sales of tangible fixed assets	17,502		
Net cash outflow from capital expenditure and financial investment		(127,678)	(355,327)
Sale of subsidiary undertakings	-	1	
Net cash overdrafts disposed of with subsidiaries	-		
Net cash outflow on acquisitions and disposals		-	1
Net cash inflow before financing		229,029	685,356
Financing			
Repayment of bank loan	-	(1,028,172)	
Capital element of hire purchase and finance lease rentals	-	(3,568)	
Net cash repayment of financing		-	(1,031,740)
Increase/(Decrease) in cash	24	229,029	(346,384)

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2006

---

### 1 Accounting policies

#### 1.1 Basis of preparation

The accounts have been prepared under the historical cost convention as modified to include the revaluation of land and buildings and in accordance with applicable accounting standards

#### 1.2 Basis of consolidation

The consolidated profit and loss account and balance sheet include the accounts of the company and its subsidiary undertakings made up to 31 July 2006. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

#### 1.3 Turnover

Turnover represents the invoiced value of goods sold and services provided net of VAT and discounts given.

#### 1.4 Goodwill

Goodwill arising on acquisitions made after 1 August 1993 is amortised on a straight line basis over its expected useful economic life of 10 years. Goodwill on previous acquisitions is amortised over 15 years.

#### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land is not depreciated	
Freehold buildings	2% - 10% Straight line
Leasehold property	Over the period of the lease
Fixtures, fittings & equipment	10% - 33% Reducing balance/straight line
Motor vehicles	25% Straight line

#### 1.6 Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are treated as if they had been purchased outright at the present value of the rentals payable, less finance charges, over the primary period of the agreements. The corresponding obligations under these agreements are included in creditors. The finance element of the rentals payable is charged to the profit and loss account so as to produce a constant rate of charge on the outstanding balance in each period.

Rental payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

#### 1.7 Investments

Fixed asset investments are stated at cost less any provision for impairment in value.

#### 1.8 Stock

Stock is stated at the lower of cost and net realisable value. Cost includes an appropriate proportion of manufacturing overheads.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2006

### 19 Pensions

The group contributes to employees' personal pension plans

The group operates a defined contributions pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

### 110 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 the accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the 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.

### 111 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to profit and loss account.

## 2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

### Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below.

	2006 £	2005 £
Geographical segment		
United Kingdom	68,761,670	72,651,509
Rest of Europe	593,155	1,567,932
	<u>69,354,825</u>	<u>74,219,441</u>

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2006

### 3 Cost of sales and net operating expenses

	2006			2005		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£	£	£	£	£	£
Cost of sales	61,519,987	-	61,519,987	63,829,450	1,517,434	65,346,884
Distribution costs	-	-	-	-	510,105	510,105
Administrative expenses	7,150,173	-	7,150,173	6,007,196	1,398,072	7,405,268
Exceptional items	658,468	-	658,468	-	-	-
	<u>69,328,628</u>	<u>-</u>	<u>69,328,628</u>	<u>69,836,646</u>	<u>3,425,611</u>	<u>73,262,257</u>

The group has provided for the full anticipated cost of an onerous lease on a warehouse the group previously used as part of its distribution activities. The group has been unable to sub-let this warehouse and as the lease is due to expire in April 2008 the directors believe it prudent to provide for the total cost of this lease through to April 2008 this year.

4 Operating profit	2006	2005
	£	£
Operating profit is stated after charging		
Amortisation of intangible assets	75,161	57,737
Depreciation of owned tangible assets	257,928	298,605
Depreciation of tangible fixed assets held under finance leases and hire purchase contracts	-	892
Operating lease rentals	-	54,167
Auditors' remuneration (company £15,000, 2005 £15,000)	48,000	45,000
Remuneration of auditors for non-audit work	8,652	15,390
	<u>390,741</u>	<u>471,791</u>

5 Directors' emoluments	2006	2005
	£	£
Aggregate emoluments	<u>516,750</u>	<u>307,112</u>

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

Aggregate emoluments	<u>400,783</u>	<u>200,612</u>
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# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2006

### 6 Employees

#### Number of employees

The average weekly number of employees during the year was

	2006 Number	2005 Number
Selling, distribution, processing and administration	79	120

#### Employment costs

	£	£
Wages and salaries	4,240,603	3,876,492
Social security costs	468,013	408,184
Other pension costs	5,732	5,732
	<u>4,714,348</u>	<u>4,290,408</u>

### 7 Other income

	2006 £	2005 £
Profit on disposal of tangible fixed assets	8,411	-
Interest receivable and similar income	968,455	489,597
	<u>976,866</u>	<u>489,597</u>

### 8 Interest payable and similar charges

	2006 £	2005 £
Interest payable on		
Bank loans and overdrafts	709,406	725,431
Other loans	200,356	299,326
Finance lease and hire purchase contracts	-	453
	<u>909,762</u>	<u>1,025,210</u>

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2006

### 9 Tax on profit/(loss) on ordinary activities

	£	£	£	£
<b>Current tax</b>				
<u>UK corporation tax</u>				
Current tax on income for the period	249,599		52,863	
Adjustments in respect of prior periods	93,417		3,824	
Foreign tax	-		-	
		343,016		56,687
<b>Current tax charge</b>		343,016		56,687
<b>Deferred tax</b>				
Origination and reversal of timing differences	24,000		(118,000)	
		24,000		(118,000)
		367,016		(61,313)
<b>Factors affecting the tax charge for the year</b>				
Profit/(loss) on ordinary activities before taxation		93,301		(523,644)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005 30.00%)		27,990		(157,093)
<b>Effects of</b>				
Income/expenses not taxable/deductible for tax purposes		191,581		55,076
Depreciation in excess of capital allowances		4,325		(9,812)
Movement in tax losses		25,703		(116,479)
Adjustments to tax charge in respect of previous periods		93,417		3,824
Difference between taxable loss and accounts loss on asset disposal		-		283,565
Other tax adjustments		-		(2,394)
<b>Current tax charge</b>		343,016		56,687

### 10 Profit/(loss) for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these accounts. The profit/(loss) for the financial year is made up as follows:

	2006 £	2005 £
Holding company's profit/(loss) for the financial year	479,395	(3,679,106)



# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2006

11	Dividends		2006	2005
			£	£
	Preference dividends (non-equity shares)		<u>311,850</u>	<u>155,925</u>
12	Intangible fixed assets Group			
		Goodwill	Trade Marks	Total
		£	£	£
	Cost			
	At 1 August 2005 and at 31 July 2006	<u>2,234,181</u>	<u>8,807</u>	<u>2,242,988</u>
	Amortisation			
	At 1 August 2005	2,088,512	8,807	2,097,319
	Charge for year	<u>75,161</u>	<u>-</u>	<u>75,161</u>
	At 31 July 2006	<u>2,163,673</u>	<u>8,807</u>	<u>2,172,480</u>
	Net book value			
	At 31 July 2006	<u>70,508</u>	<u>-</u>	<u>70,508</u>
	At 31 July 2005	145,669	-	145,669

Bank loans and overdrafts are secured by a fixed and floating charge over the Group's present and future assets together with intercompany guarantees. The bank has first legal charges over the freehold properties of the group.

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2006

### 13 Tangible fixed assets Group

	Land and buildings	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 August 2005	6,321,373	1,279,244	4,000	7,604,617
Additions	-	140,074	5,106	145,180
Revaluation	681,042	-	-	681,042
Disposals	-	(12,395)	-	(12,395)
<b>At 31 July 2006</b>	<b>7,002,415</b>	<b>1,406,923</b>	<b>9,106</b>	<b>8,418,444</b>
<b>Depreciation</b>				
At 1 August 2005	131,201	960,435	3,500	1,095,136
Revaluation	(269,965)	-	-	(269,965)
On disposals	-	(3,305)	-	(3,305)
Charge for the year	141,179	116,248	500	257,927
<b>At 31 July 2006</b>	<b>2,415</b>	<b>1,073,378</b>	<b>4,000</b>	<b>1,079,793</b>
<b>Net book value</b>				
<b>At 31 July 2006</b>	<b>7,000,000</b>	<b>333,545</b>	<b>5,106</b>	<b>7,338,651</b>
<b>At 31 July 2005</b>	<b>6,190,172</b>	<b>318,809</b>	<b>500</b>	<b>6,509,481</b>

The freehold land and buildings were valued on an open market basis by the directors at the year-end

	£
<b>Cost</b>	
Historical cost at 1 August 2005 and at 31 July 2006	4,479,002
<b>Depreciation based on cost</b>	
At 1 August 2005	514,158
Charge for the year	92,305
<b>At 31 July 2006</b>	<b>606,463</b>
<b>Net book values</b>	
<b>At 31 July 2006</b>	<b>3,872,539</b>
<b>At 31 July 2005</b>	<b>3,964,844</b>

All other tangible fixed assets are stated at historical cost

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2006

### Tangible fixed assets (continued)

Company	Freehold land and buildings	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 August 2005	6,318,958	918,349	-	7,237,307
Additions	-	111,519	5,106	116,625
Revaluation	681,042	-	-	681,042
Disposals	-	(12,395)	-	(12,395)
<b>At 31 July 2006</b>	<b>7,000,000</b>	<b>1,017,473</b>	<b>5,106</b>	<b>8,022,579</b>
<b>Depreciation</b>				
At 1 August 2005	128,786	659,172	-	787,958
Reclassifications	(269,965)	-	-	(269,965)
On disposals	-	(3,305)	-	(3,305)
Charge for the year	141,179	85,660	-	226,839
<b>At 31 July 2006</b>	<b>-</b>	<b>741,527</b>	<b>-</b>	<b>741,527</b>
<b>Net book value</b>				
At 31 July 2006	7,000,000	275,946	5,106	7,281,052
At 31 July 2005	6,190,172	259,177	-	6,449,349

The freehold land and buildings were valued on an open market basis by the directors at the year-end

	£
<b>Cost</b>	
Historical cost at 1 August 2005 and at 31 July 2006	4,479,002
<b>Depreciation based on cost</b>	
At 1 August 2005	514,158
Charge for the year	92,305
<b>At 31 July 2006</b>	<b>606,463</b>
<b>Net book values</b>	
At 31 July 2006	3,872,539
At 31 July 2005	3,964,844

All other tangible fixed assets are stated at historical cost

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2006

### 14 Fixed asset investments Company

	Shares and loans in subsidiary undertakings £
Cost or valuation	
At 1 August 2005 and at 31 July 2006	609,615
Provisions for impairment in value	
At 1 August 2005	584,609
At 31 July 2004	584,609
Net book value	
At 31 July 2006	25,006
At 31 July 2005	25,006

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Principal activity	Country of registration or incorporation	Shares held	
			Class	%
<b>Subsidiary undertakings</b>				
Pamplemousse Limited	Clothing	England	Ordinary	100
The Tapestry Design Company Limited	Clothing	England	Ordinary	100
NV Productions Limited	Dormant	England	Ordinary	100
The Associated Clothing Company Limited	Dormant	England	Ordinary	100
The Nashville Corporation Limited	Dormant	England	Ordinary	100
Tapestry Taiwan Limited	Dormant	England	Ordinary	100
Standrate Limited	Dormant	England	Ordinary	100

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2006

### 15 Stocks and work in progress

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Work in progress	51,167	54,494	51,167	54,494
Finished goods and goods for resale	6,022,021	6,108,025	2,357,903	906,506
	<u>6,073,188</u>	<u>6,162,519</u>	<u>2,409,070</u>	<u>961,000</u>

### 16 Debtors

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Trade debtors	4,976,532	6,527,236	1,848,894	2,866,677
Amounts owed by group undertakings	-	-	250,000	1,555,843
Amounts owed by companies under common control	4,599,070	3,815,502	4,599,070	1,234,533
Other debtors	687,600	650,698	456,157	338,350
Prepayments and accrued income	735,307	235,212	424,054	157,350
Deferred tax asset (see note 19)	154,000	178,000	120,000	120,000
	<u>11,152,509</u>	<u>11,406,648</u>	<u>7,698,175</u>	<u>6,272,753</u>

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2006

### 17 Creditors amounts falling due within one year

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Bank loans	9,872,378	5,338,524	1,024,193	992,238
Bank overdrafts	-	655	-	-
Trade creditors	3,011,806	5,806,756	455,038	430,116
Amounts owed to group undertakings	-	-	2,442,339	2,756,327
Amounts owed to companies under common control	5,883,829	4,079,297	5,413,397	4,079,297
Corporation tax	339,067	52,863	63,201	41,273
Taxes and social security costs	724,342	482,794	158,695	79,323
Directors current accounts	13,648	8,485	-	-
Other creditors	620,911	698,280	130,038	587,823
Accruals and deferred income	723,096	855,121	245,491	330,971
	<u>21,189,077</u>	<u>17,322,775</u>	<u>9,932,392</u>	<u>9,297,368</u>

Bank loans and overdrafts are secured by a fixed and floating charge over the Group's present and future assets together with intercompany guarantees. The bank has first legal charges over the freehold properties of the group.

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2006

### 18 Creditors amounts falling due after more than one year

	Group 2006 £	2005 £	Company 2006 £	2005 £
Bank loans	2,939,998	3,429,998	2,939,998	3,429,998
<b>Analysis of loans</b>				
Not wholly repayable within five years by instalments				
Bank loan repayable by July 2013	3,429,998	3,919,998	3,429,998	3,919,998
Wholly repayable within five years	9,382,378	4,848,524	534,193	502,238
	12,812,376	8,768,522	3,964,191	4,422,236
Included in current liabilities	(9,872,378)	(5,338,524)	(1,024,193)	(992,238)
	2,939,998	3,429,998	2,939,998	3,429,998
Debt due within one year	9,872,378	5,338,524	1,024,193	992,238
Between one and two years	490,000	490,000	490,000	490,000
Between two and five years	1,470,000	1,470,000	1,470,000	1,470,000
In five years or more	979,998	1,469,998	979,998	1,469,998
	12,812,376	8,768,522	3,964,191	4,422,236

The bank loan of £3,429,998 is repayable by July 2013 and bears interest at 1% above HSBC base rate. Other loans bear interest at 1 1/2% over HSBC base.

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2006

### 19 Provisions for liabilities and charges Group

	Onerous lease	Deferred taxation	Total
	£	£	£
Balance at 1 August 2005	-	-	-
Opening deferred tax asset included in debtors	-	(178,000)	(178,000)
Net balance at 1 August 2005	-	(178,000)	(178,000)
Profit and loss account	658,468	24,000	682,468
Paid in year	(29,295)	-	(29,295)
	629,173	(154,000)	475,173
Deferred tax asset included in debtors (note 16)	-	154,000	154,000
Balance at 31 July 2006	629,173	-	629,173

### Company

Opening deferred tax asset included in debtors	-	(120,000)	(120,000)
Net balance at 1 August 2005	-	(120,000)	(120,000)
Profit and loss account	658,468	-	658,468
Paid in year	(29,295)	-	(29,295)
	629,173	(120,000)	509,173
Deferred tax asset included in debtors (note 16)	-	120,000	120,000
Balance at 31 July 2006	629,173	-	629,173

Deferred tax is provided at 30% (2005- 30%) analysed over the following timing differences

Group	2006 £	2005 £
Accelerated capital allowances	(154,000)	(178,000)
Company	2006 £	2005 £
Accelerated capital allowances	(120,000)	(120,000)



# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2006

20	Share capital	2006 £	2005 £
	<b>Authorised</b>		
	10,000 Ordinary shares of £1 each	10,000	10,000
	4,455,000 Preference shares of £1 each	4,455,000	4,455,000
		<u>4,465,000</u>	<u>4,465,000</u>
	<b>Allotted, called up and fully paid</b>		
	9,998 Ordinary shares of £1 each	9,998	9,998
	4,455,000 Preference shares of £1 each	4,455,000	4,455,000
		<u>4,464,998</u>	<u>4,464,998</u>

On 26 July 2006, the Group passed a special resolution redesignating the redeemable preference shares as preference shares. The rights attached to this class of shares were varied, so that they entitle the holder the contingent right to receive a non-cumulative 7% net dividend per annum. In addition, the preference shares are redeemable only by written notice of the Group. These shares entitle the holder to priority in respect of a return of capital but not to participate in any surplus over and above that, and do not confer any normal voting rights on the holder.

### 21 Statement of movements on reserves

#### Group

	Other reserves	Revaluation reserve £
Balance at 1 August 2005	155,925	2,165,893
Revaluation during the year		951,007
Transfer from/(to) profit and loss account	311,850	(48,874)
Balance at 31 July 2006	<u>467,775</u>	<u>3,068,026</u>

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2006

<b>22</b>	<b>Reconciliation of movements in shareholders' funds</b>	<b>2006</b>	<b>2005</b>
	<b>Group</b>	<b>£</b>	<b>£</b>
	Loss for the financial year	(273,715)	(462,331)
	Dividends	(311,850)	(155,925)
		<u>(585,565)</u>	<u>(618,256)</u>
	Other recognised gains and losses	951,007	-
	Transfer of accrued dividends to Other reserves	311,850	155,925
		<u>677,292</u>	<u>(462,331)</u>
	Net addition to/(depletion in) shareholders' funds	6,060,032	6,522,363
	Opening shareholders' funds	<u>6,737,324</u>	<u>6,060,032</u>
	Closing shareholders' funds	<u>6,737,324</u>	<u>6,060,032</u>
<b>23</b>	<b>Net cash (outflow)/inflow from operating activities</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Reconciliation to operating profit		
	Operating profit	26,197	957,184
	Depreciation of tangible fixed assets	257,927	299,497
	Amortisation of intangible fixed assets	75,161	57,737
	(Increase)/decrease in stocks	89,331	(83,306)
	Decrease/(increase) in debtors	230,139	(1,218,123)
	Increase/(decrease) in creditors	(323,929)	1,620,130
		<u>354,826</u>	<u>1,633,119</u>
<b>24</b>	<b>Reconciliation of net cash flow to movement in net debt</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Increase/(decrease) in cash	229,029	(346,384)
	Repayment of bank loan	-	1,028,172
	Capital element of hire purchase and finance lease rentals	-	3,568
		<u>229,029</u>	<u>685,356</u>
	Movement in net debt	(6,180,689)	(6,866,045)
	Net debt at 1 August 2005	<u>(5,951,660)</u>	<u>(6,180,689)</u>
	Net debt at 31 July 2006	<u>(5,951,660)</u>	<u>(6,180,689)</u>

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2006

### 25 Analysis of net debt

	At 1 August 2005 £	Cash flow £	Non-cash changes £	At 31 July 2006 £
Cash at bank and in hand	2,588,487	4,272,229	-	6,860,716
Bank overdrafts	(654)	654	-	-
		<u>4,272,883</u>		
Debt due within one year	(5,338,524)	(4,043,854)	(490,000)	(9,872,378)
Debt due after one year	(3,429,998)	-	490,000	(2,939,998)
		<u>(4,043,854)</u>		
	<u>(6,180,689)</u>	<u>229,029</u>	<u>-</u>	<u>(5,951,660)</u>

### 26 Contingent liabilities

The group companies are party to a group and related party cross guarantee arrangement whereby the borrowings of all group companies and a related company are secured by a charge over the groups present and future assets. The maximum borrowings of the group under this arrangement is £12,000,000 (2005 £12,500,000). This facility is in addition to group long term bank loans.

At 31 July 2006, the group's maximum potential liability under this arrangement was £5,561,453 (2005 £5,574,771).

At 31 July 2006 the company's maximum potential liability under this arrangement was £8,726,736 (2005 £9,647,110).

# INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

## NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 JULY 2006

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### 27 Transactions with directors

Included within other creditors are amounts of £20,030 and £100,008 owed to R. Caring and ICD Tailoring Limited respectively. R. Caring is a director of both ICD Holdings Limited and ICD Tailoring Limited.

During the year, purchases of £2,036,907 were made from and miscellaneous charges totalling £41,210 were made to ACC Hong Kong, who at the year-end were owed £242,343 by the group.

During the year, interest of £332,003 was charged to IGS Holdings Limited, who owed the group £4,636,842 at the year-end.

During the year, sales of £414,643 were made to and miscellaneous charges of £252,616 and commission of USD37,608 were received from IGS (Trading) Limited, who owed the group £71,201 at the year-end.

During the year, purchases of £17,790,478 were made from and commission and miscellaneous charges of £1,058,694 were made to C&S Productions Limited. At the year end £5,171,053 was owed to this company.

During the year, purchases of £5,105,293 were made from and interest of £200,356 was charged by Tapestry Taiwan Limited. In addition, interest of £173,024 was charged to Tapestry Taiwan Limited. At the year end, £470,434 was owed to this company.

#### Nature of relationship

The above companies are controlled by the same ultimate controlling party as International Clothing Designs (Holdings) Limited.

### 28 Controlling party

The directors consider Richard Caring to be the Company's ultimate controlling party. The group's bank facilities are underwritten by a personal guarantee from Richard Caring.