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Company Registration No 895642 (England and Wales)

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 JULY 2009

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INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

DIRECTORS AND ADVISERS

Directors	R Caring J W S Lawrence J Tipper
Secretary	R McCarthy
Company number	895642
Registered office	26-28 Conway Street London W11 6BQ
Auditors	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER Great Britain
Business address	26-28 Conway Street London W11 6BQ
Bankers	HSBC Bank plc City Corporate Banking Centre 60 Queen Victoria Street EC4N 4TR

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

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INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2009

The directors present their report and group financial statements for the year ended 31 July 2009

Principal activities and review of the business

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

The highly competitive nature of the UK retail clothing market continues with retailers offering significant discounts to maintain sales and market share and has suffered a number of high-profile business failures

The group's turnover for its continuing operations again increased over the previous year, the result of sales growth with key high street and supermarket customers. During the year the group sold the business assets, excluding the order book at that date, of its subsidiary Clashforce Limited (previously known as Pamplemousse Limited) on 30th January 2009 due to falling order levels and resulting trading losses

The group suffered a lower gross margin at 10.4% (2008 - 12.0%), in part, due to the disposal of Clashforce Limited with the underlying gross margin of the ongoing group at 10.4% (2008 - 11.6%). Given the very challenging trading environment the directors believe the results to be excellent. The erosion of margins resulting from Retailers' deep discounting adversely affected the group's margins, however, these effects were offset by a number of cost saving initiatives. The directors believe that the long-term financial success of the group will continue to be based upon its design innovation and continued close working relationship with both customers and suppliers

The group made a pre-tax profit of £226,928 (2008 - £800,615) for the year on a turnover of £65,219,043 (2008 - £67,769,927)

At 31 July 2009 the group had net assets of £8,875,837 (2008 - £8,775,847)

The principal risks and uncertainties facing the group arise from the high level of Retailer competition and increased risk of non payment, the contraction of consumer spending and from volatility in exchange rates

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 on the potential failure of customers and currency risk

The directors took the decision to purchase credit insurance on selected customers to mitigate the potential risk of non-payment. So far, there have been no cases where the group has had to make a claim

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 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 additional disclosure is necessary for an understanding of the development, performance or position of the business

Dividends

The directors do not recommend any final dividend in respect of any class of shares as the group has no distributable reserves as at 31 July 2009

Directors

The directors who served during the year were

R Carrig
J W S Lawrence
J Tipper

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2009

Charitable donations	2009	2008
	£	£

During the year the company made the following payments

Charitable donations	4,245	3,000
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During the year the group made charitable donations of £4,745 (2008 £5,830)

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

H W Fisher & Company are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

On behalf of the board



J Tipper

Director

Dated 29th January 2010

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

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 elected to prepare 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 group and of the profit or loss of the group 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 group 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 the group 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 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 MEMBERS OF INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

We have audited the group and parent company financial statements (the "financial statements") of International Clothing Designs (Holdings) Limited for the year ended 31 July 2009 set out on pages 5 to 22. 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 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

As explained more fully in the Directors' Responsibilities Statement on page 3, 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 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 group's and 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 group's and parent company's affairs as at 31 July 2009 and of the group's 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.

HW Fisher & Co

D S Selwyn (Senior Statutory Auditor)

for and on behalf of H W Fisher & Company

Chartered Accountants

Statutory Auditor

Acre House
11-15 William Road
London
NW1 3ER
Great Britain

Dated

4 February 2010

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2009

	Notes	2009 £	2008 £
Turnover	2	65,219,043	67,769,927
Cost of sales		(58,418,799)	(59,626,067)
Gross profit		6,800,244	8,143,860
Administrative expenses		(6,615,367)	(7,236,636)
Other operating income		291,985	3,906
Operating profit	3	476,862	911,130
Other interest receivable and similar income		371,307	698,999
Interest payable and similar charges	6	(621,241)	(809,514)
Profit on ordinary activities before taxation		226,928	800,615
Tax on profit on ordinary activities	7	(126,933)	(357,478)
Profit on ordinary activities after taxation		99,995	443,137

The profit and loss account has been prepared on the basis that all operations are continuing operations

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

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 JULY 2009

	2009	2008
	£	£
Profit for the financial year	99,995	443,137
Unrealised surplus on revaluation of properties	-	295,696
Total recognised gains and losses relating to the year	99,995	738,833

Note of historical cost profits and losses

	31 July 2009	31 July 2008
	£	£
Reported profit on ordinary activities before taxation	226,928	800,615
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	64,795	50,591
Historical cost profit on ordinary activities before taxation	291,723	851,206
Historical cost profit for the year retained after taxation, extraordinary items and dividends	164,790	493,728

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED**BALANCE SHEETS****AS AT 31 JULY 2009**

	Notes	Group 2009 £	2008 £	Company 2009 £	2008 £
Fixed assets					
Tangible assets	10	7,946,367	8,143,002	7,939,375	8,123,221
Investments	11	-	-	25,000	25,002
		<u>7,946,367</u>	<u>8,143,002</u>	<u>7,964,375</u>	<u>8,148,223</u>
Current assets					
Stocks	12	7,466,952	10,259,436	1,525,241	3,181,610
Debtors	13	10,348,590	16,245,849	6,571,676	9,080,197
Cash at bank and in hand		4,757,679	5,916,047	3,022,843	5,907,114
		<u>22,573,221</u>	<u>32,421,332</u>	<u>11,119,760</u>	<u>18,168,921</u>
Creditors amounts falling due within one year	14	(16,968,314)	(26,384,346)	(7,379,158)	(14,194,069)
Net current assets		<u>5,604,907</u>	<u>6,036,986</u>	<u>3,740,602</u>	<u>3,974,852</u>
Total assets less current liabilities		<u>13,551,274</u>	<u>14,179,988</u>	<u>11,704,977</u>	<u>12,123,075</u>
Creditors amounts falling due after more than one year	15	(4,639,717)	(5,368,421)	(4,639,717)	(5,368,421)
Provisions for liabilities	16	(35,720)	(35,720)	(35,720)	(35,720)
		<u>8,875,837</u>	<u>8,775,847</u>	<u>7,029,540</u>	<u>6,718,934</u>
Capital and reserves					
Called up share capital	18	4,464,998	4,464,998	4,464,998	4,464,998
Revaluation reserve	19	4,042,841	4,107,636	4,042,841	4,107,636
Other reserves	19	467,775	467,775	467,775	467,775
Profit and loss account	19	(99,777)	(264,562)	(1,946,074)	(2,321,475)
Shareholders' funds	20	<u>8,875,837</u>	<u>8,775,847</u>	<u>7,029,540</u>	<u>6,718,934</u>

Approved by the Board and authorised for issue on

29th January 2010


 J Tipper
 Director

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2009

	Notes	£	2009 £	£	2008 £
Net cash inflow/(outflow) from operating activities	21		2,651,433		(740,651)
Returns on investments and servicing of finance					
Interest received and other income		371,307		698,999	
Interest paid		(621,241)		(809,514)	
Net cash outflow for returns on investments and servicing of finance			(249,934)		(110,515)
Taxation			(505,337)		(353,725)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(93,504)		(55,782)	
Receipts from sales of tangible fixed assets		5,937		1	
Net cash outflow for capital expenditure			(87,567)		(55,781)
Net cash inflow/(outflow) before financing			1,808,594		(1,260,672)
Financing					
New long term bank loan		-		5,815,255	
Repayment of long term bank loan		(603,989)		(2,939,997)	
Net cash inflow/(outflow) from financing			(603,989)		2,875,258
Increase in cash in the year	23, 22		1,204,605		1,614,586

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2009

1 Accounting policies

11 Accounting convention

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

12 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 2009. 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.

13 Turnover

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

14 Goodwill

Goodwill arising on acquisitions is amortised on a straight line basis over its expected useful economic life of 10 years.

15 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
Fixtures, fittings & equipment	10% - 33% Reducing balance/straight line
Motor vehicles	25% Straight line

16 Investments

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

17 Stock

Stock is stated at the lower of cost and net realisable value. Cost includes an appropriate proportion of duty, freight and storage.

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

18 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.

19 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.

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2009

1 Accounting policies (Continued)

1 10 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, except where these have been hedged, in which case, the hedged rate will be used. 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

	2009	2008
	£	£
Geographical segment		
United Kingdom	65,192,355	67,734,076
Rest of Europe	26,688	35,851
	<u>65,219,043</u>	<u>67,769,927</u>

3 Operating profit	2009	2008
	£	£
Operating profit is stated after charging:		
Depreciation of owned tangible assets	284,231	278,362
Loss on disposal of tangible assets	-	550
Operating lease rentals:		
- Plant and machinery	1,394	1,458
Fees payable to the group's auditor for the audit of the group's annual accounts (company £15,000; 2008 £15,000)	56,450	59,600
and after crediting:		
Profit on foreign exchange transactions	<u>28,778</u>	<u>12,670</u>

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2009

4	Directors' emoluments	2009	2008
		£	£
	Emoluments for qualifying services	317,442	318,678
	Emoluments disclosed above include the following amounts paid to the highest paid director		
	Emoluments for qualifying services	199,107	200,328
5	Employees		
	Number of employees		
	The average monthly number of employees (including directors) during the year was	2009	2008
		Number	Number
	Selling, distribution and administration	79	89
	Employment costs	2009	2008
		£	£
	Wages and salaries	3,540,859	3,947,773
	Social security costs	410,474	617,354
	Other pension costs	7,294	21,238
		3,958,627	4,586,365
6	Interest payable	2009	2008
		£	£
	On bank loans and overdrafts	618,451	809,514
	On overdue tax	2,790	-
		621,241	809,514

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2009

7	Taxation	2009 £	2008 £
	Domestic current year tax		
	U.K. corporation tax	122,667	292,571
	Adjustment for prior years	4,266	29,907
	Current tax charge	126,933	322,478
	Deferred tax		
	Deferred tax charge	-	35,000
		126,933	357,478
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	226,928	800,615
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 30.00%)	63,540	240,185
	Effects of		
	Non deductible expenses	54,942	86,178
	Capital allowances for period in excess of depreciation	(14,922)	(13,535)
	Movement in tax losses	-	(8,590)
	Adjustments to previous periods	4,266	29,907
	Movements on provisions	19,180	-
	Other tax adjustments	(73)	(11,667)
		63,393	82,293
	Current tax charge	126,933	322,478

8 Profit for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	2009 £	2008 £
Holding company's profit for the financial year	310,606	277,561

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2009

9 Intangible fixed assets

Group

	Goodwill	Trade Marks	Total
	£	£	£
Cost			
At 1 August 2008 & at 31 July 2009	2,234,181	8,807	2,242,988
Amortisation			
At 1 August 2008 & at 31 July 2009	2,234,181	8,807	2,242,988
Net book value			
At 31 July 2009	-	-	-
At 31 July 2008	-	-	-

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2009

10 Tangible fixed assets Group

	Land and buildings	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 August 2008	7,857,415	912,072	9,440	8,778,927
Additions	-	83,648	9,856	93,504
Disposals	-	(63,445)	-	(63,445)
At 31 July 2009	7,857,415	932,275	19,296	8,808,986
Depreciation				
At 1 August 2008	2,415	630,910	2,600	635,925
On disposals	-	(57,537)	-	(57,537)
Charge for the year	157,100	122,512	4,619	284,231
At 31 July 2009	159,515	695,885	7,219	862,619
Net book value				
At 31 July 2009	7,697,900	236,390	12,077	7,946,367
At 31 July 2008	7,855,000	281,162	6,840	8,143,002

The freehold land and buildings were valued at £8,325,000 on an open market basis by Messrs Edward Symmons on 17 March 2008, an independent firm of chartered surveyors. The valuation was undertaken in accordance with the Royal Institution of Chartered Surveyors Valuation Standards. The directors have subsequently reduced the open market value down to £7,855,000 as at 31 July 2008 to reflect the prevailing market conditions at that date. The directors consider the current net book value reflects the open market value as at 31 July 2009.

Comparable historical cost for the land and buildings included at valuation

	£
Cost	
At 1 August 2008 & at 31 July 2009	4,479,002
Depreciation based on cost	
At 1 August 2008	791,073
Charge for the year	92,305
At 31 July 2009	883,378
Net book value	
At 31 July 2009	3,595,624
At 31 July 2008	3,687,929

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2009

Tangible fixed assets (continued)

Company

	Land and buildings	Fixtures, Motor vehicles fittings & equipment	Total
	£	£	£
Cost or valuation			
At 1 August 2008	7,855,000	786,048	8,650,488
Additions	-	82,675	92,531
Disposals	-	(3,535)	(3,535)
At 31 July 2009	7,855,000	865,188	8,739,484
Depreciation			
At 1 August 2008	-	524,666	527,266
On disposals	-	(1,162)	(1,162)
Charge for the year	157,100	112,286	274,005
At 31 July 2009	157,100	635,790	800,109
Net book value			
At 31 July 2009	7,697,900	229,398	7,939,375
At 31 July 2008	7,855,000	261,381	8,123,221

The freehold land and buildings were valued at £8,325,000 on an open market basis by Messrs Edward Symmons on 17 March 2008, an independent firm of chartered surveyors. The valuation was undertaken in accordance with the Royal Institution of Chartered Surveyors Valuation Standards. The directors subsequently reduced the open market value down to £7,855,000 as at 31 July 2008 to reflect the prevailing markets conditions at that date. The directors consider the current net book value reflects the open market value as at 31 July 2009.

Comparable historical cost for the land and buildings included at valuation

	£
Cost	
At 1 August 2008 & at 31 July 2009	4,479,002
Depreciation based on cost	
At 1 August 2008	791,073
Charge for the year	92,305
At 31 July 2009	883,378
Net book value	
At 31 July 2009	3,595,624
At 31 July 2008	3,687,929

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2009

11 Fixed asset investments

Company	Shares in subsidiary undertakings
	£
Cost or valuation	
At 1 August 2008	25,002
Disposals	(2)
At 31 July 2009	25,000
Net book value	
At 31 July 2009	25,000
At 31 July 2008	25,002

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

Holdings of more than 20%

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

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Clashforce Limited	England	Ordinary	100
The Tapestry Design Company Limited	England	Ordinary	100
The Nashville Corporation Limited	England	Ordinary	100
Standrate Limited	England	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows

	Principal activity
Clashforce Limited	Clothing
The Tapestry Design Company Limited	Clothing
The Nashville Corporation Limited	Dormant
Standrate Limited	Dormant

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2009

12 Stocks

	Group 2009	2008	Company 2009	2008
	£	£	£	£
Finished goods and goods for resale	7,466,952	10,259,436	1,525,241	3,181,610

13 Debtors

	Group 2009	2008	Company 2009	2008
	£	£	£	£
Trade debtors	7,360,161	9,267,416	1,136,374	2,676,331
Amounts owed by group undertakings	-	-	524,984	250,000
Amounts owed by companies under common control	1,899,587	5,468,127	4,316,974	5,468,127
Corporation tax	103,549	-	103,549	-
Other debtors	637,917	1,085,064	167,470	394,837
Prepayments and accrued income	274,376	352,242	256,325	224,902
Deferred tax asset (see note 16)	73,000	73,000	66,000	66,000
	10,348,590	16,245,849	6,571,676	9,080,197

14 Creditors amounts falling due within one year

	Group 2009	2008	Company 2009	2008
	£	£	£	£
Bank loans and overdrafts	6,172,191	8,410,449	1,962,607	2,284,473
Trade creditors	3,077,822	4,575,839	317,273	770,497
Amounts owed to group undertakings	-	-	46,130	2,309,369
Amounts owed to companies under common control	6,393,965	10,135,794	4,276,663	7,427,643
Corporation tax	19,093	293,948	-	52,105
Taxes and social security costs	437,158	836,209	154,487	207,744
Other creditors	252,739	449,450	23,909	16,679
Accruals and deferred income	615,346	1,682,657	598,089	1,125,559
	16,968,314	26,384,346	7,379,158	14,194,069

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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2009

15 Creditors amounts falling due after more than one year

	Group 2009 £	2008 £	Company 2009 £	2008 £
Bank loans	4,639,717	5,368,421	4,639,717	5,368,421
Analysis of loans				
Not wholly repayable within five years by instalments				
Bank loan repayable by July 2018	5,211,266	5,815,255	5,211,266	5,815,255
Included in current liabilities	(571,549)	(446,834)	(571,549)	(446,834)
	4,639,717	5,368,421	4,639,717	5,368,421
Loan maturity analysis				
Within one year	571,549	446,834	571,549	446,834
In more than one year but not more than two years	594,411	472,434	594,411	472,434
In more than two years but not more than five years	1,929,735	1,585,993	1,929,735	1,585,993
In more than five years	2,115,570	3,309,994	2,115,570	3,309,994
	5,211,265	5,815,255	5,211,265	5,815,255

The bank loan is repayable by July 2018 and bears interest at 1% above the HSBC base rate

The bank loans are secured by a first fixed charge over present and future fixed assets and a floating charge over all other assets.
The bank also holds first legal charge over freehold properties owned by the company

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2009

16 Provisions for liabilities

Group

Onerous lease

£

Balance at 1 August 2008 & at 31 July 2009

35,720

Company

Balance at 1 August 2008 & at 31 July 2009

35,720

The deferred tax asset (included in debtors, note 13) is made up as follows:

	Group 2009 £	Company 2009 £
Balance at 1 August 2008 & at 31 July 2009	(73,000)	(66,000)

Deferred tax is provided at 28% (2008 - 28%) analysed over the following timing differences

	Group 2009 £	2008 £	Company 2009 £	2008 £
Decelerated capital allowances	(73,000)	(73,000)	(66,000)	(66,000)

17 Pension and other post-retirement benefit commitments

Defined contribution

The group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension costs charge represents contributions payable to the funds and amounted to £7,294 (2008 £21,238)

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2009

18 Share capital	2009	2008
	£	£
Allotted, called up and fully paid		
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>

19 Statement of movements on reserves Group

	Revaluation reserve	Other reserves	Profit and loss account
	£	£	£
Balance at 1 August 2008	4,107,636	467,775	(264,567)
Profit for the year	-	-	99,995
Depreciation written back	(64,795)	-	64,795
Balance at 31 July 2009	<u>4,042,841</u>	<u>467,775</u>	<u>(99,777)</u>

Company

	Revaluation reserve	Other reserves	Profit and loss account
	£	£	£
Balance at 1 August 2008	4,107,636	467,775	(2,321,475)
Profit for the year	-	-	310,606
Depreciation written back	(64,795)	-	64,795
Balance at 31 July 2009	<u>4,042,841</u>	<u>467,775</u>	<u>(1,946,074)</u>

20 Reconciliation of movements in shareholders' funds Group

	2009	2008
	£	£
Profit for the financial year	99,995	443,137
Other recognised gains and losses	-	295,696
Net addition to shareholders' funds	<u>99,995</u>	<u>738,833</u>
Opening shareholders' funds	8,775,847	8,037,014
Closing shareholders' funds	<u>8,875,837</u>	<u>8,775,847</u>

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2009

21	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2009	2008		
		£	£		
	Operating profit	476,862	911,130		
	Depreciation of tangible fixed assets	284,231	278,362		
	Loss on disposal of tangible fixed assets	-	546		
	Profit on disposal of fixed asset investments	-	4		
	Decrease in stocks	2,792,484	(3,964,299)		
	Decrease in debtors	6,000,808	(1,964,834)		
	Decrease in creditors	(6,902,952)	4,116,198		
	Decrease in provisions for liabilities and charges	-	(117,758)		
	Net cash inflow/(outflow) from operating activities	2,651,433	(740,651)		
22	Reconciliation of net cash flow to movement in net debt	2009	2008		
		£	£		
	Increase in cash in the year	1,204,605	1,614,586		
	New long term bank loan	-	(5,815,255)		
	Repayment of long term bank loan	603,989	2,939,997		
	Movement in net debt in the year	1,808,594	(1,260,672)		
	Opening net debt	(7,862,823)	(6,602,151)		
	Closing net debt	(6,054,229)	(7,862,823)		
23	Analysis of net debt	1 August 2008	Cash flow	Other non-cash changes	31 July 2009
		£	£	£	£
	Net cash				
	Cash at bank and in hand	5,916,047	(1,158,368)	-	4,757,679
	Bank overdrafts	(7,963,615)	2,362,973	-	(5,600,642)
			1,204,605		
	Debt				
	Debts falling due within one year	(446,834)	321,090	(445,805)	(571,549)
	Debts falling due after one year	(5,368,421)	282,899	445,805	(4,639,717)
			603,989		
	Net debt	(7,862,823)	1,808,594	-	(6,054,229)

INTERNATIONAL CLOTHING DESIGNS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2009

24 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 £16,500,000 (2008 £16,500,000). This facility is in addition to group long term bank loans.

At 31 July 2009, the group's maximum potential liability under this arrangement was £6,451,747 (2008 £6,257,221).

At 31 July 2009 the company's maximum potential liability under this arrangement was £7,972,597 (2007 £12,374,176).

25 Related party transactions

Included within other creditors is an amount of £12,577 (2008 £16,679) owed to R. Caring. R. Caring is a director of International Clothing Designs (Holdings) Limited.

The Group's bank facility is underwritten by a personal guarantee from R. Caring.

During the year, purchases of £1,105,483 (2008 £591,710) were made from and miscellaneous charges totalling £46,062 (2008 £33,671) were made to Associated Clothing Company (Hong Kong) Limited, who at the year-end were owed £324,103 (2008 £203,379) by the group.

During the year, interest of £166,192 (2008 £328,538) was charged to, interest of £150,204 (2008 £nil) charged by and purchases of £6,674,016 (2008 £1,624,031) were made from International Garment Sourcing (Holdings) Limited, who owed the group net £1,899,235 (2008 £3,843,862) at the year-end.

During the year, purchases of £13,235,962 (2008 £16,776,930) were made from and commission and miscellaneous charges of £nil (2008 £890,167) were made to C&S Productions Limited. At the year end £3,952,560 (2008 £7,091,355) was owed to this company.

During the year, purchases of £8,387,612 (2008 £6,481,202) were made from Tapestry Taiwan Limited. In addition, interest of £72,876 (2008 £96,477) was charged to Tapestry Taiwan Limited. At the year end, £2,117,302 was owed to this company (2008 £1,084,591).

26 Controlling parties

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.