

British Clothing Industry
Association Limited
(A company limited by guarantee)
Annual report for the year ended
31 December 2007

Registered no: 1599377

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**British Clothing Industry
Association Limited
(A company limited by guarantee)**

**Annual report
for the year ended 31 December 2007**

	Page
Directors' report	1-3
Independent auditors' report	4-5
Profit and loss account	6-7
Balance sheet	8
Notes to the financial statements	9-18

**British Clothing Industry
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**Directors' report
for the year ended 31 December 2007**

The directors present their report and the audited financial statements for the year ended 31 December 2007

Directors and secretary

The Members of the Council are treated as directors for the purpose of the Companies Act 1985, they are appointed in accordance with the Articles of Association and, with the exception of the Chairman, will retire at the conclusion of the Annual General Meeting in 2009 and at the conclusion of every alternate Annual General Meeting thereafter. The directors during the year were

D M Anderson
M Berwin
A H Cundey
T Edge CBE
C W Gurteen
P Lucas
J McAdam CBE
J H Miln
J M Mott
G Mullen
A C Peers (appointed 22 05 2007)
K C Scates
M L F Strzelecki
N F Sussman CBE D Litt
C A Taylor
M F J Watson MBE
I P Whetherly
J J Wilford

The Office of President was held by N F Sussman CBE D Litt

The Office of Chairman was held by J McAdam CBE

The Office of Vice Chairman was held by P Lucas, J J Wilford and J H Miln

The Office of Treasurer was held by D M Anderson.

The Office of Secretary was held by J R Wilson OBE

Registered Office 5 Portland Place, London W1B 1PW

British Clothing Industry Association Limited (A company limited by guarantee)

Principal activity and review and future developments

The results for the year are set out in the profit and loss account and show a deficit after taxation for the year of £277,396 (2006 deficit of £396,572) This has been transferred to reserves

The principal activity of the Association is to encourage, promote, develop and protect the clothing industry of the United Kingdom in all its constituent parts

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual 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) The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

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

Disclosure of information to auditors

As far as the directors are aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware

The directors have taken all of the steps necessary in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

**British Clothing Industry
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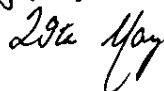
Independent Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the next annual general meeting

By order of the council



**J R Wilson OBE
Company secretary**



2008

**British Clothing Industry
Association Limited**
(A company limited by guarantee)

**Independent auditors' report to the members of British
Clothing Industry Association Limited**
(A company limited by guarantee)

We have audited the financial statements of British Clothing Industry Association Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the note of historical cost profits and losses, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practices) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements 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 financial statements.

In addition we report to you if 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 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

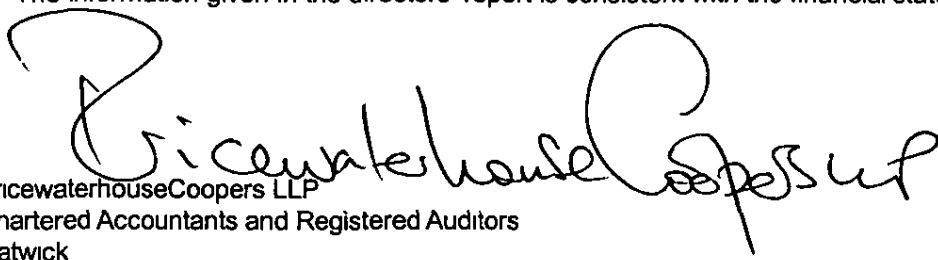
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

**British Clothing Industry
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Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 31st December 2007 and of its deficit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- The information given in the directors' report is consistent with the financial statements


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Gatwick

30 May 2008

**British Clothing Industry
Association Limited
(A company limited by guarantee)**

**Profit and loss account
for the year ended 31 December 2007**

	Note	2007 £	2006 £
Subscription income	2	89,753	96,065
Secretariat income		<u>207,179</u>	<u>218,430</u>
		296,932	314,495
Administrative expenses		<u>(744,607)</u>	<u>(897,896)</u>
Operating deficit		(447,675)	(583,401)
Investment income	3	5,648	20,159
Net rental income	4	143,463	105,908
Profit on disposal of investments		8,168	-
Other finance income	17	<u>13,000</u>	<u>12,000</u>
Deficit on ordinary activities before taxation	7	(277,396)	(445,334)
Release of deferred tax provision	13	-	68,762
Provision for bad debts		-	(20,000)
Deficit for the year	15	<u>(277,396)</u>	<u>(396,572)</u>

Statement of total recognised gains and losses

	Notes	2007 £	2006 £
Deficit for the year	15	(277,396)	(396,572)
Actuarial gain on pension scheme	17	12,000	1,000
Revaluation of investments		59,089	88,609
Total recognised losses for the year		<u>(206,307)</u>	<u>(306,963)</u>

**British Clothing Industry
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Note of historical cost profits and losses

	Notes	2007 £	2006 £
Deficit for the year	15	(277,396)	(396,572)
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amounts		5,265	5,265
Gains recognised in prior periods in the statement of total recognised gains and losses and realised in the current period		<u>(156,411)</u>	<u>-</u>
Historical cost deficits for the year		<u>(428,542)</u>	<u>(391,307)</u>

All the above results derive from continuing operations

**British Clothing Industry
Association Limited
(A company limited by guarantee)**

**Balance sheet
at 31 December 2007**

	Note	2007 £	2006 £
Fixed assets			
Tangible assets	9	6,468,236	6,485,335
Investments	10	<u>1,088,320</u>	<u>1,393,207</u>
		<u>7,556,556</u>	<u>7,878,542</u>
Current assets			
Debtors Falling due within one year	11	380,491	567,878
Cash at bank and in hand		<u>151,745</u>	<u>2,019</u>
		532,236	569,897
Creditors, amounts falling due within one year	12	<u>(404,986)</u>	<u>(546,326)</u>
Net current assets		<u>127,250</u>	<u>23,571</u>
Total assets less current liabilities		7,683,806	7,902,113
Provisions for liabilities and charges	13	-	-
Net assets excluding pension surplus		<u>7,683,806</u>	<u>7,902,113</u>
Pension surplus	17	209,000	197,000
Net assets including pensions surplus		<u>7,892,806</u>	<u>8,099,113</u>
Members' funds			
Revaluation reserve – property	14	4,532,006	4,532,006
Revaluation reserve – investments	14	764,717	853,871
Profit and loss account	15	2,596,083	2,713,236
Total members' funds		<u>7,892,806</u>	<u>8,099,113</u>

The financial statements on pages 6-18 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the note of historical cost profits and losses and the related notes were approved by the board of directors on 29th May 2008 and were signed on its behalf by

J McAdam CBE
Chairman



**British Clothing Industry
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**Notes to the financial statements
for the year ended 31 December 2007**

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. However compliance with SSAP19 'Accounting for investment properties', requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the departure is given in the note relating to tangible fixed assets below. A summary of the more important group accounting policies is set out below, together with an explanation of where they have not been applied consistently.

Cash flow statement

The company qualifies as a small company under the terms of section 247 of the Companies Act 1985. Consequently it is exempt under the provisions of Financial Reporting Standard 1 (revised) from publishing a cash flow statement.

Profit and loss account

In order that a true and fair view should be given in these financial statements, the board have set out a profit and loss account which shows the results for the year, but in a format other than the standard formats prescribed in the Companies Act 1985.

Tangible fixed assets

Tangible fixed assets (except investment property) are shown at cost less depreciation.

In accordance with SSAP19, investment properties are revalued and the aggregate surplus or deficit is transferred to a revaluation reserve, and no depreciation or amortisation is provided in respect of freehold investment properties. The requirement of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP19. The directors consider that, as these properties are not held for consumption but for investment, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP19 in order to give a true and fair view.

Freehold property is revalued and the aggregate surplus or deficit is transferred to a revaluation reserve. Freehold property is depreciated on a straight line basis over fifty years.

Fixtures, fittings and equipment are depreciated on a straight line basis over four years.

Motor vehicles are depreciated on a straight line basis over four years.

Fixed asset investments

Fixed asset investments are shown at open market value and any surplus is credited to a revaluation reserve. Any temporary diminution in value is taken to the revaluation reserve. Any permanent diminution in value is written off through the profit and loss account.

British Clothing Industry Association Limited (A company limited by guarantee)

1 Principal accounting policies *(continued)*

Deferred taxation

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying timing differences can be deducted.

Pension scheme

The company operates a defined contribution pension scheme. The costs are charged to the profit and loss account in the year in which they are incurred.

The company operates a defined benefit pension scheme for former Knitting Industries Federation staff. The scheme is now closed to new members. The fund is valued every year by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary.

Rental income

All rental agreements are operating leases.

2 Subscription income

Membership subscriptions are taken into income in the year to which they relate. Amounts received by the balance sheet date in respect of future years are deferred. All income is derived from UK operations.

3 Investment income

	2007	2006
	£	£
Interest receivable	29,025	44,345
Interest payable	(23,377)	(24,186)
	<u>5,648</u>	<u>20,159</u>

4 Net rental income

	2007	2006
	£	£
Rental income	317,905	263,438
Occupancy costs	(174,442)	(157,530)
	<u>143,463</u>	<u>105,908</u>

Net rental income represents amounts receivable from third parties in respect of their occupancy of parts of the company's freehold property at 5 Portland Place, London. The members of the council consider that, through its own occupancy of the remainder of the property, the company has foregone the opportunity of further potential rental receipts of approximately £109,000 (2006: £109,000).

**British Clothing Industry
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5 Directors' emoluments

None of the directors received any emoluments or accrued any benefits under the defined benefit pension scheme for their services during the year (2006 £nil)

6 Employee information

The average monthly number of persons (excluding directors) employed by the company during the year was

	2007 Number	2006 Number
Administration	<u>10</u>	<u>12</u>

	2007 £	2006 £
Staff costs (for the above persons)		
Salaries	352,203	365,254
Social security	43,666	45,943
Other pension costs	38,371	44,427
	<u>434,240</u>	<u>455,624</u>

7 Deficit on ordinary activities before taxation

The deficit on ordinary activities before taxation is stated after charging

	2007 £	2006 £
Depreciation of tangible assets	20,305	21,193
Auditors' remuneration - audit fees	<u>7,000</u>	<u>6,250</u>

**British Clothing Industry
Association Limited
(A company limited by guarantee)**

8 Taxation on deficit on ordinary activities

(a) Analysis of charge in the year

	2007	2006
	£	£
Current		
United Kingdom corporation tax at 20% (2006 30%)	-	-
Deferred		
Transfer to deferred taxation	-	-
	<u>-</u>	<u>-</u>

(b) Factors affecting tax charge for the year

The tax for the year differs from the standard rate of corporation tax in the UK (20%) The differences are explained below

	2007	2006
	£	£
Deficit on ordinary activities before tax	<u>(277,396)</u>	<u>(396,572)</u>
Deficit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2006 19%)	(83,219)	(118,972)
Effects of		
Permanent differences	-	-
Capital allowances in excess of depreciation	-	-
Losses carried forward not recognised	83,219	118,972
Other timing differences	-	-
Deferred tax movement	-	-
Tax charge for the period (note 8a)	<u>-</u>	<u>-</u>

The company has accumulated tax losses carried forward of approximately £1,980,917 (2006 £1,898,126)

**British Clothing Industry
Association Limited
(A company limited by guarantee)**

9 Tangible fixed assets

	Investment Property £	Freehold Property £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2007	5,697,250	802,750	25,751	33,827	6,559,578
Additions	-	-	3,206	-	3,206
Disposals	-	-	(9,857)	-	(9,857)
At 31 December 2007	<u>5,697,250</u>	<u>802,750</u>	<u>19,100</u>	<u>33,827</u>	<u>6,552,927</u>
Depreciation					
At 1 January 2007	-	44,750	21,153	8,340	74,243
Charge for year	-	9,345	2,503	8,457	20,305
Disposals	-	-	(9,857)	-	(9,857)
At 31 December 2007	<u>-</u>	<u>54,095</u>	<u>13,799</u>	<u>16,797</u>	<u>84,691</u>
Net book value					
At 31 December 2007	<u>5,697,250</u>	<u>748,655</u>	<u>5,301</u>	<u>17,030</u>	<u>6,468,236</u>
At 31 December 2006	<u>5,697,250</u>	<u>758,000</u>	<u>4,598</u>	<u>25,487</u>	<u>6,485,335</u>

The historical cost of the property is £1,962,729 The property was last valued at the 31 December 2006

10 Investments

	£
Valuation at 1 January 2007	1,393,206
Bought at valuation	331,855
Sold at valuation	(695,830)
Revaluation	59,089
Valuation at 31 December 2007	<u>1,088,320</u>

The securities in the portfolio are listed on recognised investment exchanges

**British Clothing Industry
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(A company limited by guarantee)**

11 Debtors

	2007	2006
	£	£
Amounts falling due within one year:		
Trade debtors	352,448	482,778
Other debtors	-	12,119
Prepayments and accrued income	28,043	72,981
	<u>380,491</u>	<u>567,878</u>

Included within Trade debtors is a balance of £169,792 (2006 £315,261) owed by the British Fashion Council. This balance is secured by a lien over the assets and trade of the British Fashion Council.

12 Creditors: amounts falling due within one year

	2007	2006
	£	£
Bank overdraft	227,940	209,126
Trade creditors	61,512	208,604
Other creditors	698	698
Taxation and social security	12,112	13,150
Accruals and deferred income	102,724	114,748
	<u>404,986</u>	<u>546,326</u>

The overdraft is secured on the investment securities.

13 Provisions for liabilities and charges

Deferred taxation in the financial statements is as follows

	Amount provided	
	2007	2006
	£	£
Capital gain	131,973	157,304
Excess of tax allowances over depreciation	-	-
Corporation tax losses	<u>(131,973)</u>	<u>(157,304)</u>
	<u>-</u>	<u>-</u>

**British Clothing Industry
Association Limited
(A company limited by guarantee)**

Deferred taxation	£
At 1 January 2007	-
Movement in the year	-
At 31 December 2007	-

There are sufficient corporation tax losses to offset any potential deferred tax liability resulting from the sale of any investments

A deferred tax asset of £594,693 (2006 £569,438) has not been recognised in respect of carried forward tax losses, and £21,914 (2006 £27,501) in respect of accelerated capital allowances as there is insufficient evidence that the company is more likely than not to make future taxable profits and therefore that the asset will be recoverable

14 Revaluation reserve

	Property £	Investments £	Total £
At 1 January 2007	4,532,006	853,871	5,385,877
Revaluation in the year	-	59,089	59,089
Transfer to profit and loss account of realised profit on investments sold in the year		(148,243)	(148,243)
At 31 December 2007	<u>4,532,006</u>	<u>764,717</u>	<u>5,296,723</u>

15 Profit and loss account

	£
At 1 January 2007	2,713,236
Actuarial gain for the year	12,000
Realised profit on investments sold in the year	148,243
Deficit for the year	(277,396)
At 31 December 2007	<u>2,596,083</u>

16 Reconciliation of movement in members funds

	Members Funds £
At 1 January 2007	8,099,113
Deficit for the year	(277,396)
Recognised gains for the year	59,089
Actuarial gain on pension scheme	12,000
At 31 December 2007	<u>7,892,806</u>

British Clothing Industry Association Limited (A company limited by guarantee)

17 Pensions and similar obligations

The BCIA operates a defined contribution pension scheme

The company also participates in a defined benefit pension scheme, the KIF scheme for former KIF staff, providing benefits based on final pensionable salary. The cost of both schemes was £38,371 (2006 £44,427)

The assets of the scheme are held separately from those of the company in a trustee-administered fund. The pension cost of the KIF scheme is assessed in accordance with the advice of an independent qualified actuary.

The latest actuarial valuation of the scheme in accordance with FRS17 was carried out as at 31 December 2007 (2006 31 December 2006) by Verulam Consultants. The principal assumptions used by the actuary were:

	2007	2006	2005
	%	%	%
Rate of increase in salaries	3.0	3.0	3.0
Rate of increase in pensions in payment	3.4	3.1	2.8
Discount rate	5.9	5.4	4.7
Inflation assumption	3.4	3.1	2.8
Deferred pension revaluation	3.4	3.1	2.8

The assets of the scheme and the expected rate of return were:

	Long-Term Rate of return expected at 31 December 2007	Value at 31 December 2007	Long-Term Rate of return expected at 31 December 2006	Value at 31 December 2006	Long-Term Rate of return expected at 31 December 2005	Value at 31 December 2005
Equities	6.5	268,188	7.5	243,620	7.5	227,470
Bonds	4.5	336,915	5.2	355,539	4.3	524,241
Other	5.8	<u>40,637</u>	5.0	<u>33,699</u>	4.8	<u>24,336</u>
		<u>645,740</u>		<u>632,858</u>		<u>776,047</u>

The following amounts at 31 December 2007 were measured in accordance with the requirements of FRS 17:

	2007	2006
	£	£
Total market value of assets	645,740	632,858
Present value of scheme liabilities	(437,050)	(435,484)
Surplus in scheme	<u>208,690</u>	<u>197,374</u>

The following amounts have been recognised in the financial statements in the year to 31 December 2007 under the requirements of FRS 17:

**British Clothing Industry
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(A company limited by guarantee)**

	2007	2006
	£	£
Charge to operating profit		
Current service cost	<u>(13,000)</u>	<u>(20,000)</u>
Total charge	(13,000)	(20,000)
Other finance income		
Expected return on pension scheme assets	37,000	36,000
Interest on pension scheme liabilities	<u>(24,000)</u>	<u>(24,000)</u>
Net return	13,000	12,000
Statement of total recognised gains and losses		
Actual return less expected return on pension scheme assets	(8,000)	(10,000)
Experience gains and (losses) arising on the scheme liabilities	5,000	(18,000)
Changes in assumptions underlying the present value of the scheme liabilities	<u>31,000</u>	<u>47,000</u>
Actuarial gain	28,000	19,000

	2007	2006
	£	£
Movement in surplus during the year		
Surplus in scheme at beginning of year	197,000	204,000
Movement in year		
Current service cost	(13,000)	(20,000)
Contributions		-
Other finance income	13,000	12,000
Actuarial gain	<u>12,000</u>	<u>1,000</u>
Surplus in scheme at end of year	209,000	197,000

**British Clothing Industry
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Details of experience gains and losses for the year to 31 December 2007

	2007	2006
Difference between the expected and actual return on scheme assets:	£	£
Amount	(8,000)	(10,000)
Percentage of present value of scheme assets	1.18%	1 58%
Experience gains and losses on scheme liabilities:		
Amount	5,000	(18,000)
Percentage of present value of scheme liabilities	1.10%	4 2%
Total recognised actuarial gains or losses		
Amount	28,000	19,000
Percentage of present value of scheme liabilities	6.48%	4 44%

18 Limit of liability

The liability of the Members is limited by guarantee to £1 each