

**The Wakefield Shirt Company Limited and  
Its Subsidiary Undertakings**

**Financial Statements**

**31st December 2005**

**JOLLIFFE CORK LLP**

Chartered Accountants & Registered Auditors

33 George Street  
Wakefield  
WF1 1LX



# **The Wakefield Shirt Company Limited and Its Subsidiary Undertakings**

## **Financial Statements**

**Year Ended 31st December 2005**

<b>Contents</b>	<b>Page</b>
Officers and Professional Advisers	1
The Directors' Report	2
Independent Auditors' Report to the Shareholders	5
Group Profit and Loss Account	7
Group Statement of Total Recognised Gains and Losses	8
Group Balance Sheet	9
Company Balance Sheet	10
Group Cash Flow Statement	11
Notes to the Financial Statements	14

# **The Wakefield Shirt Company Limited and Its Subsidiary Undertakings**

## **Officers and Professional Advisers**

### **The Board of Directors**

Mr R J Donner  
Mr R John Donner

### **Company Secretary**

Mrs N Donner

### **Registered Office**

Thornes Wharf Lane  
Wakefield  
WF1 5RQ

### **Auditors**

Jolliffe Cork LLP  
Chartered Accountants  
& Registered Auditors  
33 George Street  
Wakefield  
WF1 1LX

### **Bankers**

HSBC Bank plc  
66 Westgate  
Wakefield  
WF1 1XB

# The Wakefield Shirt Company Limited and Its Subsidiary Undertakings

## The Directors' Report

### Year Ended 31st December 2005

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31st December 2005.

#### Principal Activities and Business Review

The principal activity of the company is to act as a holding company for its subsidiaries and to manage its property and to supply management services to the group.

The principal activity of the group continued to be that of garment manufacturers, wholesalers and retailers.

The company had a reasonably satisfactory year despite tough trading conditions in all of its markets.

Sales fell during the year mostly due to the roll out of a new product to key customers in 2004 which was not repeated in 2005, although a very satisfactory growth was recorded in our Double Two shops. Gross margin improved substantially during the year as we improved our buying operations.

The Group recorded a small profit despite a large one off professional fee charge and some further rationalisation costs.

2006 has started well but trading conditions remain tough.

Subsequent to the year end the Group agreed with the Trustees of the Defined Benefit Pension Scheme to freeze the salaries on which future liabilities of the scheme are calculated. This should result in a significant reduction in the pension liability under FRS 17.

#### Results and Dividends

The trading results for the year and the group's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2005	2004
	£	£
Dividend paid on preference shares	<u>69,857</u>	<u>69,857</u>

#### The Directors and their Interests

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

		At 31 December 2005	At 1 January 2005
Mr R J Donner	Ordinary shares of £1 each	646	646
	Preference shares of £1 each class 'A'	15,644	15,644
	Preference shares of £1 each class 'B'	—	—
	Preference shares of £1 each class 'C'	747,050	747,050
Mr R John Donner	Ordinary shares of £1 each	643	643
	Preference shares of £1 each class 'A'	1,452	1,452
	Preference shares of £1 each class 'B'	1,666	1,666
	Preference shares of £1 each class 'C'	<u>177,950</u>	<u>177,950</u>

# **The Wakefield Shirt Company Limited and Its Subsidiary Undertakings**

## **The Directors' Report** *(continued)*

### **Year Ended 31st December 2005**

#### **Charitable donations**

During the year the group made charitable donations amounting to £1,362 (2002 £1,222).

#### **Fixed assets**

Additions to, and disposals of fixed assets are shown in notes 12 and 13 on pages 15 to 18. Freehold land and buildings were revalued in December 2005 by Knight Frank, surveyors.

#### **Taxation status**

The close company provisions of the Income and Corporation Taxes Act 1988, as amended, apply to the company.

#### **Employment Policies**

##### **a)Employee Involvement**

The company continued to encourage teamwork and communications between all of its employees in the management of the business during the year. Consultation continues to take place through management and employee committees at varying levels within the company, where a wide range of business and employment issues are discussed.

##### **b)Employment of disabled people**

The company recognises its legal, social and moral obligation to provide for the employment of disabled people. The company aims to provide appropriate facilities for the disabled and to give full and fair consideration to applications for employment having regard to the particular aptitudes and abilities of the applicant.

##### **c)Equal opportunities policy**

It is the policy of The Wakefield Shirt Group of Companies to establish and maintain a working environment, terms and conditions of service and employment practices and procedures which will ensure that no job applicant or employee receives less favourable treatment on the grounds of gender (including sex, marriage and gender re-assignment), race (including ethnic origin, colour, nationality and national origin), religion or belief, disability, sexual orientation, responsibility for dependants, sexuality, trade union activity or age. Selection criteria and procedures will be kept under review to ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities and to ensure there is no direct or indirect discrimination in recruitment and other employment decisions.

All employees will be given equality of opportunity within the company and will be encouraged to progress within the organisation.

The company is committed to a programme of action to make this policy fully effective.

#### **Directors' Responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group at the end of the year and of the group's profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 14 to 16, and then apply them consistently;

# **The Wakefield Shirt Company Limited and Its Subsidiary Undertakings**

## **The Directors' Report** *(continued)*

### **Year Ended 31st December 2005**

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

#### **Auditors**

A resolution to re-appoint Jolliffe Cork LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:  
Thornes Wharf Lane  
Wakefield  
WF1 5RQ

Signed by order of the directors



Mrs N Donner  
Company Secretary

Approved by the directors on 7th June 2006.

# **The Wakefield Shirt Company Limited and Its Subsidiary Undertakings**

## **Independent Auditors' Report to the Shareholders of The Wakefield Shirt Company Limited and its Subsidiary Undertakings**

**Year Ended 31st December 2005**

We have audited the financial statements of The Wakefield Shirt Company Limited and its Subsidiary Undertakings for the year ended 31st December 2005 on pages 7 to 30 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 14 to 16.

### **Respective Responsibilities of Directors and Auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements 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 financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, 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 with the group 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 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 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.

**The Wakefield Shirt Company Limited and Its  
Subsidiary Undertakings**

**Independent Auditors' Report to the Shareholders of  
The Wakefield Shirt Company Limited and its Subsidiary  
Undertakings** *(continued)*

**Year Ended 31st December 2005**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs and of the group as at 31st December 2005 and of the profit of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

33 George Street  
Wakefield  
WF1 1LX

*Jolliffe Cork LLP*  
Jolliffe Cork LLP  
Chartered Accountants  
& Registered Auditors

7th June 2006



# The Wakefield Shirt Company Limited and Its Subsidiary Undertakings

## Group Profit and Loss Account

Year Ended 31st December 2005

	Note	2005 £	2004 (restated) £
<b>Group Turnover</b>	2	14,480,188	16,429,032
Cost of sales		(8,724,184)	(10,512,727)
<b>Gross Profit</b>		5,756,004	5,916,305
Distribution Costs		(1,797,406)	(1,678,148)
Administrative expenses		(3,859,993)	(3,815,758)
Other operating income	3	234,400	199,936
<b>Operating Profit</b>	4	333,005	622,335
Exceptional items	7	(18,118)	(233,688)
		314,887	388,647
Income from other fixed asset investments	8	1,547	1,636
Share of associates profit		67,292	45,089
Interest receivable		—	80
Interest payable and similar charges	9	(206,101)	(284,087)
<b>Profit on Ordinary Activities Before Taxation</b>		177,625	151,365
Tax on profit on ordinary activities	10	(5,982)	(7,706)
<b>Profit on Ordinary Activities after Taxation</b>		171,643	143,659
Dividends (including non-equity)	11	(69,857)	(69,857)
<b>Retained Profit for the Financial Year</b>		101,786	73,802

All of the activities of the group are classed as continuing.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.

The notes on pages 14 to 30 form part of these financial statements.

# **The Wakefield Shirt Company Limited and Its Subsidiary Undertakings**

## **Group Statement of Total Recognised Gains and Losses**

**Year Ended 31st December 2005**

	2005	2004 (restated)
	£	£
Profit for the financial year attributable to the shareholders of the parent company	171,643	143,659
Unrealised profit on revaluation of certain fixed assets	3,413,000	—
Total recognised gains and losses relating to the year	<u>3,584,643</u>	<u>143,659</u>
Prior year adjustment (see note 12)	<u>(1,655,500)</u>	
Total gains and losses recognised since the last annual report	<u>1,929,143</u>	

The notes on pages 14 to 30 form part of these financial statements.

# The Wakefield Shirt Company Limited and Its Subsidiary Undertakings

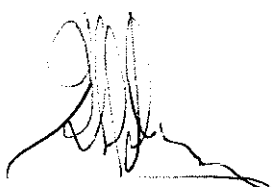
## Group Balance Sheet

31st December 2005

		2005		2004	
	Note	£	£	£	(restated) £
<b>Fixed Assets</b>					
Tangible assets	13		7,904,123		4,533,042
Investments	14		564,569		503,259
			<u>8,468,692</u>		<u>5,036,301</u>
<b>Current Assets</b>					
Stocks	15	4,461,153		4,519,701	
Debtors	16	2,043,313		1,970,376	
Cash at bank		<u>2,484,823</u>		<u>420,766</u>	
		8,989,289		6,910,843	
<b>Creditors: Amounts Falling due Within One Year</b>	17	<u>6,727,383</u>		<u>4,595,452</u>	
<b>Net Current Assets</b>			<u>2,261,906</u>		<u>2,315,391</u>
<b>Total Assets Less Current Liabilities</b>			<u>10,730,598</u>		<u>7,351,692</u>
<b>Creditors: Amounts Falling due after More than One Year</b>	18		<u>701,350</u>		<u>837,230</u>
			<u>10,029,248</u>		<u>6,514,462</u>
<b>Provisions for Liabilities and Charges</b>					
FRS17 Pension liability	20		<u>1,687,000</u>		<u>1,655,500</u>
			<u>8,342,248</u>		<u>4,858,962</u>
<b>Capital and Reserves</b>					
Called-up share capital	24		1,174,504		1,174,504
Revaluation reserve	25		6,141,082		2,728,082
Other reserves	25		394,277		394,277
Profit and loss account	25		<u>632,385</u>		<u>562,099</u>
<b>Shareholders' Funds (including non- equity interests)</b>	26		<u>8,342,248</u>		<u>4,858,962</u>

These financial statements were approved by the directors on the 7th June 2006 and are signed on their behalf by:

Mr R J Donner



Mr R John Donner



The notes on pages 14 to 30 form part of these financial statements.

# The Wakefield Shirt Company Limited and Its Subsidiary Undertakings

## Company Balance Sheet

31st December 2005

		2005		2004	
	Note	£	£	£	(restated) £
<b>Fixed Assets</b>					
Tangible assets	13		7,276,022		3,863,136
Investments	14		6,408,024		6,408,024
			<u>13,684,046</u>		<u>10,271,160</u>
<b>Current Assets</b>					
Debtors	16	25,458		859,001	
Cash at bank		<u>112,587</u>		<u>—</u>	
		138,045		859,001	
<b>Creditors: Amounts Falling due Within One Year</b>	17	<u>549,730</u>		<u>1,009,342</u>	
<b>Net Current Liabilities</b>			<u>(411,685)</u>		<u>(150,341)</u>
<b>Total Assets Less Current Liabilities</b>			<u>13,272,361</u>		<u>10,120,819</u>
<b>Creditors: Amounts Falling due after More than One Year</b>	18		<u>701,350</u>		<u>837,230</u>
			<u>12,571,011</u>		<u>9,283,589</u>
<b>Provisions for Liabilities and Charges</b>					
FRS17 Pension liability	20		<u>1,687,000</u>		<u>1,655,500</u>
			<u>10,884,011</u>		<u>7,628,089</u>
<b>Capital and Reserves</b>					
Called-up share capital	24		1,174,504		1,174,504
Revaluation reserve	25		6,141,082		2,728,082
Other reserves	25		5,646		5,646
Profit and loss account	25		<u>3,562,779</u>		<u>3,719,857</u>
<b>Shareholders' Funds (including non- equity interests)</b>			<u>10,884,011</u>		<u>7,628,089</u>

These financial statements were approved by the directors on the 7th June 2006 and are signed on their behalf by:

Mr R J Donner



Mr R John Donner



The notes on pages 14 to 30 form part of these financial statements.

# The Wakefield Shirt Company Limited and Its Subsidiary Undertakings

## Group Cash Flow Statement

Year Ended 31st December 2005

	2005		2004
	£	£	£ (restated)
<b>Net Cash Inflow From Operating Activities</b>		<b>833,174</b>	<b>1,428,475</b>
<b>Returns on Investments and Servicing of Finance</b>			
Income from other fixed asset investments	1,547		1,636
Interest received	—		80
Interest paid	(205,523)		(283,080)
Interest element of hire purchase	(578)		(1,007)
Non-equity dividends paid	(69,857)		(69,857)
<b>Net Cash Outflow From Returns on Investments and Servicing of Finance</b>		<b>(274,411)</b>	<b>(352,228)</b>
<b>Taxation</b>			
<b>Capital Expenditure and Financial Investment</b>			
Payments to acquire tangible fixed assets	(114,069)		(90,258)
Receipts from sale of fixed assets	5,975		521,854
Disposal of investments	—		11,162
<b>Net Cash (Outflow)/Inflow for Capital Expenditure and Financial Investment</b>		<b>(108,094)</b>	<b>442,758</b>
<b>Acquisitions and Disposals</b>			
<b>Cash Inflow Before Financing</b>		<b>450,669</b>	<b>1,519,005</b>
<b>Financing</b>			
Repayment of bank loans	(135,045)		(464,789)
Capital element of hire purchase	(2,447)		(5,871)
<b>Net Cash Inflow/(Outflow) From Financing</b>		<b>(137,492)</b>	<b>(470,660)</b>
<b>Increase in Cash</b>		<b>313,177</b>	<b>1,048,345</b>

The notes on pages 14 to 30 form part of these financial statements.

# The Wakefield Shirt Company Limited and Its Subsidiary Undertakings

## Group Cash Flow Statement *(continued)*

Year Ended 31st December 2005

### Reconciliation of Operating Profit to Net Cash Inflow From Operating Activities

	2005	2004 <i>(restated)</i>
	£	£
Operating profit	333,005	622,335
Depreciation	153,508	183,761
Profit on disposal of fixed assets	(3,496)	(68,544)
Decrease in stocks	58,548	866,295
(Increase)/decrease in debtors	(72,937)	500,575
Increase/(decrease) in creditors	382,664	(442,259)
Re-organisation costs	(18,118)	(233,688)
<b>Net cash inflow from operating activities</b>	<b><u>833,174</u></b>	<b><u>1,428,475</u></b>

### Reconciliation of Net Cash Flow to Movement in Net Debt

	2005	2004 <i>(restated)</i>
	£	£
Increase in cash in the period	313,177	1,048,345
Net cash (inflow) from/outflow from bank loans	135,045	464,789
Cash outflow in respect of hire purchase	<u>2,447</u>	<u>5,871</u>
	<b>450,669</b>	<b>1,519,005</b>
<b>Change in net debt</b>	<b>450,669</b>	<b>1,519,005</b>
<b>Net debt at 1 January 2005</b>	<b><u>(3,591,672)</u></b>	<b><u>(5,110,677)</u></b>
<b>Net debt at 31 December 2005</b>	<b><u>(3,141,003)</u></b>	<b><u>(3,591,672)</u></b>

The notes on pages 14 to 30 form part of these financial statements.

# The Wakefield Shirt Company Limited and Its Subsidiary Undertakings

## Group Cash Flow Statement *(continued)*

Year Ended 31st December 2005

### Analysis of Changes in Net Debt

	At 1 Jan 2005 £	Cash flows £	At 31 Dec 2005 £
Net cash:			
Bank overdraft	(3,038,438)	(1,750,880)	(4,789,318)
Cash in hand and at bank	420,766	2,064,057	2,484,823
	<u>(2,617,672)</u>	<u>313,177</u>	<u>(2,304,495)</u>
Debt:			
Debt due within 1 year	(134,323)	(835)	(135,158)
Debt due after 1 year	(837,230)	135,880	(701,350)
Hire purchase agreements	(2,447)	2,447	—
	<u>(974,000)</u>	<u>137,492</u>	<u>(836,508)</u>
<b>Net debt</b>	<u><b>(3,591,672)</b></u>	<u><b>450,669</b></u>	<u><b>(3,141,003)</b></u>

The notes on pages 14 to 30 form part of these financial statements.

# **The Wakefield Shirt Company Limited and Its Subsidiary Undertakings**

## **Notes to the Financial Statements**

**Year Ended 31st December 2005**

### **1. Accounting Policies**

#### **Basis of Accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

#### **Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings, together with the group's share of the net assets and results of associated undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the group profit and loss account after or up to the date that control passes respectively. As a consolidated group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

#### **Turnover**

The turnover in the Group profit and loss account represents the amounts invoiced during the year, exclusive of Value Added Tax. In the case of sales made through retail outlets operated by the Group, turnover is stated before deducting commissions payable to the site landlords.

#### **Goodwill**

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

#### **Fixed Assets**

All fixed assets are initially recorded at cost.



# **The Wakefield Shirt Company Limited and Its Subsidiary Undertakings**

## **Notes to the Financial Statements**

### **Year Ended 31st December 2005**

#### **1. Accounting Policies *(continued)***

##### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and equipment	- 4 years
Motor vehicles	- 4 years
Computer and office equipment	- 4 years
Warehouse fixtures and fittings	- 10 years
Retail shopfittings	- 5 years

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

##### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

##### **Work in Progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

##### **Hire Purchase Agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the group profit and loss account on a straight line basis.

##### **Pension Costs**

The Group operates a defined benefits pension scheme for employees eligible to join before April 2001. At that time the scheme was closed to new members and a money purchase scheme was introduced. There is also a stakeholder pension scheme available to employees. The assets of the pension schemes are held separately from those of the company. The annual contributions are charged to the Group profit and loss account.

##### **Deferred Taxation**

Following the introduction of FRS 19, the company has revised its accounting policy for deferred tax. Standard accounting practice now requires the recognition of deferred tax arising from timing differences and the creation of a provision for deferred tax liabilities.

# The Wakefield Shirt Company Limited and Its Subsidiary Undertakings

## Notes to the Financial Statements

### Year Ended 31st December 2005

#### 1. Accounting Policies *(continued)*

##### Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

#### 2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the group.

A geographical analysis of turnover is set out below:-

	2005	2004
	£	£
United Kingdom	14,066,367	16,042,614
Other	413,821	386,418
	<u>14,480,188</u>	<u>16,429,032</u>

#### 3. Other Operating Income

	2005	2004
	£	<i>(restated)</i> £
Rent receivable	204,400	153,864
Amortisation of Government grants	20,000	7,655
Discounts received	10,000	4,157
Other operating income	—	34,260
	<u>234,400</u>	<u>199,936</u>

# The Wakefield Shirt Company Limited and Its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 31st December 2005

### 4. Operating Profit

Operating profit is stated after charging/(crediting):

	2005	2004 (restated)
	£	£
Depreciation of owned fixed assets	153,508	177,313
Depreciation of assets held under hire purchase agreements	—	6,448
Profit on disposal of fixed assets	(3,496)	(68,544)
Auditors' remuneration - as auditors	<u>23,900</u>	<u>23,812</u>

### 5. Particulars of Employees

The average number of staff employed by the group during the financial year amounted to:

	2005	2004 (restated)
	No	No
Number of production staff	18	43
Number of administrative staff	<u>144</u>	<u>147</u>
	<u>162</u>	<u>190</u>

The aggregate payroll costs of the above were:

	2005	2004 (restated)
	£	£
Wages and salaries	3,005,913	3,183,492
Social security costs	241,556	281,052
Pension costs	<u>196,483</u>	<u>196,298</u>
	<u>3,443,952</u>	<u>3,660,842</u>

### 6. Directors' Emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2005	2004 (restated)
	£	£
Emoluments receivable	50,000	45,000
Value of company pension contributions to money purchase schemes	<u>10,250</u>	<u>9,225</u>
	<u>60,250</u>	<u>54,225</u>

# The Wakefield Shirt Company Limited and Its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 31st December 2005

### 7. Exceptional items

During the year the company reorganised its UK manufacturing and warehousing operations to align capacity with market demands. The costs incurred as a consequence of the above were:

	2005	2004 (restated)
	£	£
Redundancy and termination costs	18,118	187,424
Other reorganisation costs	-	46,264
	<u>18,118</u>	<u>233,688</u>

Other reorganisation costs include provisions for rents payable under existing leases in respect of properties vacated as a consequence of the reorganisation of activities.

### 8. Income From Other Fixed Asset Investments

	2005	2004 (restated)
	£	£
Gross investment income	<u>1,547</u>	<u>1,636</u>

### 9. Interest Payable and Similar Charges

	2005	2004 (restated)
	£	£
Interest payable on bank borrowing	205,523	283,080
Finance charges	578	1,007
	<u>206,101</u>	<u>284,087</u>

### 10. Taxation on Ordinary Activities

	2005	2004 (restated)
	£	£
Group tax on loss on ordinary activities		
Associated undertakings	5,982	7,706
Total current tax	<u>5,982</u>	<u>7,706</u>

# The Wakefield Shirt Company Limited and Its Subsidiary Undertakings

## Notes to the Financial Statements

### Year Ended 31st December 2005

#### 11. Dividends

The following dividends have been paid in respect of the year:

	2005	2004 (restated)
	£	£
Dividend paid on preference shares	<u>69,857</u>	<u>69,857</u>

#### 12. Prior Year Adjustment

In accordance with FRS 17 the net pension liability for the year ended 31 December 2004 has been introduced into the financial statements as a prior year adjustment.

#### 13. Tangible Fixed Assets

Group	Freehold land and buildings £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
<b>Cost or Valuation</b>					
At 1 January 2005	3,862,000	6,880,635	1,260	237,386	10,981,281
Additions	–	104,074	–	9,995	114,069
Disposals	–	–	–	(6,610)	(6,610)
Revaluation	3,413,000	–	–	–	3,413,000
<b>At 31 December 2005</b>	<u>7,275,000</u>	<u>6,984,709</u>	<u>1,260</u>	<u>240,771</u>	<u>14,501,740</u>
<b>Depreciation</b>					
At 1 January 2005	–	6,238,040	126	210,074	6,448,240
Charge for the year	–	140,568	114	12,826	153,508
On disposals	–	–	–	(4,131)	(4,131)
<b>At 31 December 2005</b>	<u>–</u>	<u>6,378,608</u>	<u>240</u>	<u>218,769</u>	<u>6,597,617</u>
<b>Net Book Value</b>					
<b>At 31 December 2005</b>	<u>7,275,000</u>	<u>606,101</u>	<u>1,020</u>	<u>22,002</u>	<u>7,904,123</u>
At 31 December 2004	<u>3,862,000</u>	<u>642,595</u>	<u>1,134</u>	<u>27,312</u>	<u>4,533,041</u>

#### Hire purchase agreements

Included within the net book value of £7,904,123 is £Nil (2004 - £2,447) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2004 - £6,448).

# The Wakefield Shirt Company Limited and Its Subsidiary Undertakings

## Notes to the Financial Statements

### Year Ended 31st December 2005

#### 13. Tangible Fixed Assets *(continued)*

Company	Freehold land and buildings £	Fixtures & Fittings £	Total £
<b>Cost or Valuation</b>			
At 1st January 2005	3,862,000	22,296	3,884,296
Revaluation	3,413,000	—	3,413,000
<b>At 31st December 2005</b>	<u>7,275,000</u>	<u>22,296</u>	<u>7,297,296</u>
<b>Depreciation</b>			
At 1st January 2005	—	21,160	21,160
Charge for the year	—	114	114
<b>At 31st December 2005</b>	<u>—</u>	<u>21,274</u>	<u>21,274</u>
<b>Net Book Value</b>			
<b>At 31st December 2005</b>	<u>7,275,000</u>	<u>1,022</u>	<u>7,276,022</u>
At 31st December 2004	<u>3,862,000</u>	<u>1,136</u>	<u>3,863,136</u>

Freehold land and buildings were revalued in December 2005 by Knight Frank, surveyors, on an open market value for existing use basis. The revaluation placed on these assets is shown below:  
£

Freehold land and buildings at cost	1,133,918
Revaluation (cumulative)	6,141,082
Freehold land and buildings at valuation	7,275,000

# **The Wakefield Shirt Company Limited and Its Subsidiary Undertakings**

## **Notes to the Financial Statements**

**Year Ended 31st December 2005**

### **14. Investments**

<b>Group</b>	<b>Associated undertaking</b>	<b>Quoted investments</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1st January 2005	500,377	8,674	<b>509,051</b>
Additions	61,310	—	<b>61,310</b>
At 31st December 2005	<u>561,687</u>	<u>8,674</u>	<u><b>570,361</b></u>
<b>Amounts Written Off</b>			
At 1st January 2005 and 31st December 2005	<u>—</u>	<u>5,792</u>	<u><b>5,792</b></u>
<b>Net Book Value</b>			
<b>At 31st December 2005</b>	<u>561,687</u>	<u>2,882</u>	<u><b>564,569</b></u>
At 31st December 2004	<u>500,377</u>	<u>2,882</u>	<u><b>503,259</b></u>

# The Wakefield Shirt Company Limited and Its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 31st December 2005

### 14. Investments *(continued)*

Subsidiary undertakings	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
All held by the company:				
Double Two Limited	England	Ordinary shares	100%	Shirt and Clothing Manufacturer
Wm Sugden & Sons Limited	England	Ordinary shares	100%	Shirt and Clothing Manufacturer
Threadneedle Company Image Limited	England	Ordinary shares	100%	Corporate Clothing
Kingswells (Fashion Stores) Limited	England	Ordinary shares	100%	Dormant
Wakefield Drapers Limited	England	Ordinary shares	100%	Dormant
Double Two International Limited	England	Ordinary shares	100%	Dormant
Company Image Limited	England	Ordinary shares	100%	Dormant
Shirtmaster Limited	England	Ordinary shares	100%	Dormant
*Top Twenty Shirt Co Limited	England	Ordinary shares	100%	Dormant
*Topflight Uniforms Limited	England	Ordinary shares	100%	Dormant
*L J & M Refson Limited	England	Ordinary shares	100%	Dormant
* Companies owned by Wm Sugden & Sons Limited				
<b>Associated undertakings</b>				
All held by the company:				
Leading Labels Limited	England	Ordinary shares	50%	Clothes Retailer



# The Wakefield Shirt Company Limited and Its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 31st December 2005

Company	Group companies	Associated undertakings	Quoted Investments	Total
	£	£	£	£
<b>Cost</b>				
At 1st January 2005 and 31st December 2005	<u>6,230,142</u>	<u>175,000</u>	<u>8,674</u>	<u>6,413,816</u>
<b>Amounts Written Off</b>				
At 1st January 2005 and 31st December 2005	<u>—</u>	<u>—</u>	<u>5,792</u>	<u>5,792</u>
<b>Net Book Value</b>				
<b>At 31st December 2005</b>	<u>6,230,142</u>	<u>175,000</u>	<u>2,882</u>	<u>6,408,024</u>
At 31st December 2004	<u>6,230,142</u>	<u>175,000</u>	<u>2,882</u>	<u>6,408,024</u>

Quoted investments include investments listed on the London Stock Exchange with a market value of £2,882.

### 15. Stocks

	Group 2005	2004 (restated)	Company 2005	2004 (restated)
	£	£	£	£
Raw Materials	977,997	1,033,161	—	—
Work in progress	121,916	72,685	—	—
Finished goods	3,361,240	3,413,855	—	—
	<u>4,461,153</u>	<u>4,519,701</u>	<u>—</u>	<u>—</u>

### 16. Debtors

	Group 2005	2004 (restated)	Company 2005	2004 (restated)
	£	£	£	£
Trade debtors	920,405	1,289,955	—	—
Amounts owed by group undertakings	—	—	—	20,768
Other debtors	11,373	10,917	6,386	756,386
Prepayments and accrued income	1,111,535	669,504	19,072	81,847
	<u>2,043,313</u>	<u>1,970,376</u>	<u>25,458</u>	<u>859,001</u>

# The Wakefield Shirt Company Limited and Its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 31st December 2005

### 17. Creditors: Amounts Falling due Within One Year

	Group		Company	
	2005	2004 (restated)	2005	2004 (restated)
	£	£	£	£
Bank loans and overdrafts	4,924,476	3,172,761	135,157	770,803
Trade creditors	1,107,014	550,372	—	—
Amounts owed to group undertakings	—	—	287,125	—
Hire purchase agreements	—	2,447	—	—
Other creditors including taxation and social security:				
PAYE and social security	65,035	66,169	—	—
VAT	14,290	6,059	13,383	5,362
Other creditors	142,480	189,129	—	—
Accruals and deferred income	474,088	608,515	114,065	233,177
	<u>6,727,383</u>	<u>4,595,452</u>	<u>549,730</u>	<u>1,009,342</u>

### 18. Creditors: Amounts Falling due after More than One Year

	Group		Company	
	2005	2004 (restated)	2005	2004 (restated)
	£	£	£	£
Bank loans and overdrafts	<u>701,350</u>	<u>837,230</u>	<u>701,350</u>	<u>837,230</u>

The bank loan, which is secured, is repayable by instalments and is not wholly repayable within five years. Interest is payable at rates varying with market rates.

### 19. Commitments under Hire Purchase Agreements

Future commitments under hire purchase agreements are as follows:

	Group		Company	
	2005	2004 (restated)	2005	2004 (restated)
	£	£	£	£
Amounts payable within 1 year	—	2,447	—	—
	<u>—</u>	<u>2,447</u>	<u>—</u>	<u>—</u>

### 20. Other Provisions

	Group		Company	
	2005	2004 (restated)	2005	2004 (restated)
	£	£	£	£
FRS17 Pension liability	<u>1,687,000</u>	<u>1,655,500</u>	<u>1,687,000</u>	<u>1,655,500</u>

# The Wakefield Shirt Company Limited and Its Subsidiary Undertakings

## Notes to the Financial Statements

### Year Ended 31st December 2005

#### 21. Financial Commitments

At 31st December 2005 There Were Financial Commitments in Respect of Irrevocable Documentary Credits and Acceptances of £954,221 (2004: £1,048,911).

#### 22. Contingencies

The Group Has Given Guarantees Dated 5th March 1996 and 5th March 1997 to H M Customs and Excise for £100,000 With Recourse.

Under Group Banking Arrangements the Company is a Party to an Unlimited, Multilateral Guarantee Given to Hsbc Bank plc on 24th January 1996 By the Following Group Companies: Double Two Limited, Threadneedle Company Image Limited and the Wakefield Shirt Company Limited. At 31st December 2005 the Borrowings Guaranteed Amounted to £3,259,715 (2004: £4,680,098).

#### 23. Related Party Transactions

The Wakefield Shirt Company Limited, has a 50% interest in Leading Labels Limited, a company registered in England. Leading Labels Limited is regarded as a related party. The company has, in the normal course of business, supplied management services to Leading Labels Limited. Operating services charges amounted to £50,000.

#### 24. Share Capital

##### Authorised share capital:

	2005	2004
	£	£
5,150 Ordinary shares of £1 each	5,150	5,150
40,000 "A" Preference 8.5% shares of £1 each	40,000	40,000
10,000 "B" Preference 8.5% shares of £1 each	10,000	10,000
1,125,000 "C" Preference 6% shares of £1 each	1,125,000	1,125,000
	<u>1,180,150</u>	<u>1,180,150</u>

##### Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
Ordinary shares of £1 each	4,504	4,504	4,504	4,504
"A" Preference 8.5% shares of £1 each	35,000	35,000	35,000	35,000
"B" Preference 8.5% shares of £1 each	10,000	10,000	10,000	10,000
"C" Preference 6% shares of £1 each	1,125,000	1,125,000	1,125,000	1,125,000
	<u>1,174,504</u>	<u>1,174,504</u>	<u>1,174,504</u>	<u>1,174,504</u>

# The Wakefield Shirt Company Limited and Its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 31st December 2005

### 25. Reserves

Group	Revaluation reserve £	Capital redemption reserve £	Other reserve £	Profit and loss account (restated) £
Balance brought forward	2,728,082	5,646	388,631	2,217,599
Prior year adjustment (note 12)	—	—	—	(1,655,500)
Restated balance brought forward	2,728,082	5,646	388,631	562,099
Retained profit for the year	—	—	—	101,786
Amortisation of issue expenses on non-equity shares	—	—	—	(31,500)
Other gains and losses	—	—	—	—
Revaluation of fixed assets	3,413,000	—	—	—
Balance carried forward	6,141,082	5,646	388,631	632,385

Company	Revaluation reserve £	Capital redemption reserve £	Profit and loss account (restated) £
Balance brought forward	2,728,082	5,646	5,375,357
Prior year adjustment (note 12)	—	—	(1,655,500)
Restated balance brought forward	2,728,082	5,646	3,719,857
Loss for the year	—	—	(125,578)
Amortisation of issue expenses on non-equity shares	—	—	(31,500)
Other gains and losses	—	—	—
Revaluation of fixed assets	3,413,000	—	—
Balance carried forward	6,141,082	5,646	3,562,779

# The Wakefield Shirt Company Limited and Its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 31st December 2005

### 26. Reconciliation of Movements in Shareholders' Funds

#### Equity Shareholders' Funds

	2005		2004	
	£	£	£	(restated) £
Profit for the financial year		171,643		143,659
Dividends		(69,857)		(69,857)
		<u>101,786</u>		<u>73,802</u>
Other net recognised gains and losses		3,413,000		—
		<u>3,514,786</u>		<u>73,802</u>
Actuarial gain / (loss) recognised		(31,500)		(1,655,500)
Net addition/(reduction) to shareholders' equity funds		<u>3,483,286</u>		<u>(1,581,698)</u>
Opening shareholders' equity funds	5,344,462		5,270,660	
Prior year adjustment (see note 12)	<u>(1,655,500)</u>		<u>—</u>	
		<u>3,688,962</u>		<u>5,270,660</u>
Closing shareholders' equity funds		<u><u>7,172,248</u></u>		<u><u>3,688,962</u></u>

#### Non-Equity Shareholders' Funds

Opening and closing shareholders' non-equity funds	<u>1,170,000</u>	<u>1,170,000</u>
<b>Total Shareholders' Funds</b>	<u><u>8,342,248</u></u>	<u><u>4,858,962</u></u>

# The Wakefield Shirt Company Limited and Its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 31st December 2005

### 27. Pension Commitments

	2005 %
Main assumptions:	
Rate of increase in salaries	3.5
Rate of increase in pensions in payment	2.5
Discount rate	4.8
Inflation assumption	2.8

The assets and liabilities of the scheme and the expected rate of return at 31 December were:

	Long-term rate of return expected %	2005 Value £	Long-term rate of return expected %	2004 Value £
Equities	5.8	<u>2,758,000</u>	6.0	<u>2,457,000</u>
Total market value of assets		2,758,000		2,457,000
Present value of scheme liabilities		<u>(5,168,000)</u>		<u>(4,822,000)</u>
Pension liability before deferred tax		(2,410,000)		(2,365,000)
Related deferred tax asset		<u>723,000</u>		<u>709,500</u>
Net pension liability		<u>(1,687,000)</u>		<u>(1,655,500)</u>

# The Wakefield Shirt Company Limited and Its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 31st December 2005

### 27. Pension Commitments *(continued)*

Analysis of the amount charged to operating profit:

	2005 £
Current service cost	<u>118,000</u>
Total operating charge	<u>118,000</u>

Analysis of the amount credited to other finance income:

	2005 £
Other finance costs: expected return on assets in the scheme	151,000
Other finance costs: interest costs	<u>(250,000)</u>
Net return	<u>(99,000)</u>

Analysis of the amount recognised in statement of total recognised gains and losses:

	2005 £
STRGL: difference between expected and actual return on assets	(30,000)
STRGL: experience gains/(losses) arising from scheme liabilities	<u>(159,000)</u>
STRGL: effect on changes in assumptions	<u>229,000</u>
Actuarial losses recognised in the statement of total recognised gains and losses	<u>40,000</u>

Movements in deficit during the year:

	2005 £
At 1 January 2005	(2,365,000)
Total operating charge	(118,000)
Total other finance income	(99,000)
Actuarial losses recognised in the statement of total recognised gains and losses	(40,000)
Employee contributions	<u>212,000</u>
At 31 December 2005	<u>(2,410,000)</u>

# The Wakefield Shirt Company Limited and Its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 31st December 2005

### 27. Pension Commitments *(continued)*

History of experience gains and losses:

	2005
Difference between the expected and actual return on scheme assets:	
amount (£)	30,000
percentage of scheme assets	1
Experience gains on scheme liabilities:	
amount (£)	159,000
percentage of the present value of scheme liabilities	3
Total amount recognised in statement of total recognised gains and losses:	
Amount (£)	(40,000)
Percentage of the present value of scheme liabilities	(1)