Advanced Processing Limited

Abbreviated Consolidated Accounts

for the Year Ended 30 June 2006

Registration number 3373894



Advanced Processing Limited

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Advanced Processing Limited

Officers and Advisers

Directors	D G Rogan M D Danby S B Butt
Secretary	M D Danby
Bankers	Barclays Bank Plc 39/47 Commercial Street Halifax West Yorkshire HX1 1BG
Auditors	Bentley Jennison Chartered Accountants & Registered Auditors 2 Wellington Place Leeds LS1 4AP

Advanced Processing Limited

Directors' Report for the Year Ended 30 June 2006

The directors present their report and the audited consolidated financial statements for the year ended 30 June 2006

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Policies

Company law requires the directors to prepare financial statements which give a true and fair view of the state of affairs of the company and group at the end of the financial year and of the profit or loss of the company and group for the period ending on that date In preparing those financial statements, directors are required to

- select suitable accounting policies and apply them consistently,
- 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,
- prepare the financial statements on a 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 company and group and enable them to ensure the financial statements comply with the Companies Act 1985 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and group and to prevent and detect fraud and other irregularities

The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of

Business review

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face The business continues to provide pre retail garment processing, supply chain management, warehousing and distribution services to garment and clothing retailers

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the group as a whole, these being turnover, gross margin and return on capital employed

The turnover of the group increased to £10 2m from £8 3m as a result of significant levels of new business being generated from both new and existing customers

The gross margin has also improved in the year, from £2,700,912 in 2005 to £3,847,386 in the current year This has been achieved by improved efficiencies and cost control The increased turnover coupled with the increase in gross profit has led to a significant rise in the overall operating profit to £735,511 from £204,508 A distribution of £431,576 was made in the year leaving undistributed reserves at the year end of £619,934

The return on capital employed has increased sharply to 96 15% from 22 35% as a result of the increase in profits in the year

As for many businesses of our size, the business environment in which we operate continues to be challenging The business is essentially acting as a link in the supply chain in supplying garments to the end consumer As a consequence this means that sales are dependent on the success of the retailer and the market as a whole

Advanced Processing Limited

Directors' Report for the Year Ended 30 June 2006

Results and dividend

The results for the group are set out in the financial statements

An interim ordinary dividend of £431,576 was paid during the year

Directors and their interests

The directors who held office during the year and their beneficial interest in the shares of the company were as follows

	Ordinary shares of £1 each	
	2006	**2005**
	No.	**No.**
D G Rogan	33,550	33,550
M D Danby	33,550	33,550
S B Butt	-	1,868

Auditors

The auditors, Bentley Jennison, are deemed to be re-appointed in accordance with section 386 of the Companies Act 1985

Approved by the Board and signed on its behalf by

M D Danby
Company Secretary
Date . 17/8/07

Independent Auditors' Report to the Members of

Advanced Processing Limited

We have audited the group and parent company financial statements (the "financial statements") of Advanced Processing Limited for the year ended 30 June 2006 set out on pages 5 to 21 These financial statements have been prepared in accordance with the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As described in the statement of Directors' responsibilities on page 2, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 group 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 company and other members of the group is not disclosed

We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes an 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 and 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

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 group's and the parent company's affairs as at 30 June 2006 and of the group's profit for the year then ended, and

- the financial statements have been properly prepared in accordance with the Companies Act 1985

- the information given in the directors' report is consistent with the financial statements

Bentley Jennison

Chartered Accountants & Registered Auditors

Date 20/8/07

2 Wellington Place
Leeds
LS1 4AP

Advanced Processing Limited

Abbreviated Consolidated Profit and Loss Account for the Year Ended 30 June 2006

	Note	2006 £	2005 £
Gross profit		3,847,386	2,700,912
Administrative expenses		(3,111,875)	(2,496,404)
Operating profit	2	735,511	204,508
Interest payable and similar charges	5	(72,371)	(71,648)
Profit on ordinary activities before taxation		663,140	132,860
Tax on profit on ordinary activities	6	(273,860)	(29,612)
Profit on ordinary activities after taxation		389,280	103,248
Minority interests			
Equity		(7,269)	-
Profit for the financial year		382,011	103,248
Dividends		(431,576)	-
Retained (loss)/profit for the financial year		(49,565)	103,248

Turnover and operating profit derive wholly from continuing operations

The company has no recognised gains or losses other than the profit for the year

The notes on pages 9 to 21 form an integral part of these financial statements

Advanced Processing Limited

Consolidated Balance Sheet as at 30 June 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Intangible assets	7		10,000		-
Tangible assets	8		1,814,916		1,680,927
			1,824,916		1,680,927
Current assets					
Stocks	10	225,316		151,781	
Debtors	11	956,169		918,820	
Cash at bank and in hand		881,560		658,962	
		2,063,045		1,729,563	
Creditors: Amounts falling due within one year	12	(2,284,604)		(1,664,919)	
Net current (liabilities)/assets			(221,559)		64,644
Total assets less current liabilities			1,603,357		1,745,571
Creditors: Amounts falling due after more than one year	13		(604,781)		(699,475)
Provisions for liabilities	15		(226,269)		(131,057)
Net assets			772,307		915,039
Capital and reserves					
Called up share capital	16		106,242		111,846
Share premium reserve	17		5,658		5,658
Capital redemption reserve	17		33,104		27,500
Profit and loss account	17		619,934		770,035
Equity shareholders' funds			764,938		915,039
Minority interests	18		7,369		-
Total funds			772,307		915,039

The abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Approved by the Board on 25/7/07 and signed on its behalf by

D. Gen. Rogan

D G Rogan
Director

The notes on pages 9 to 21 form an integral part of these financial statements

Advanced Processing Limited

Company Balance Sheet as at 30 June 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Intangible assets	7		10,000		-
Tangible assets	8		1,814,916		1,680,927
Investments	9		900		-
			1,825,816		1,680,927
Current assets					
Stocks	10	225,316		151,781	
Debtors	11	896,528		918,820	
Cash at bank and in hand		831,562		658,962	
		1,953,406		1,729,563	
Creditors: Amounts falling due within one year	12	(2,248,652)		(1,664,919)	
Net current (liabilities)/assets			(295,246)		64,644
Total assets less current liabilities			1,530,570		1,745,571
Creditors: Amounts falling due after more than one year	13		(604,781)		(699,475)
Provisions for liabilities	15		(226,269)		(131,057)
Net assets			699,520		915,039
Capital and reserves					
Called up share capital	16		106,242		111,846
Share premium reserve	17		5,658		5,658
Capital redemption reserve	17		33,104		27,500
Profit and loss account	17		554,516		770,035
Equity shareholders' funds	19		699,520		915,039

The abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Approved by the Board on 21/7/07 and signed on its behalf by

D. Gra Rogan.

D G Rogan
Director

The notes on pages 9 to 21 form an integral part of these financial statements

Advanced Processing Limited

Consolidated Cash Flow Statement for the Year Ended 30 June 2006

	Note	2006 £	2006 £	2005 £	2005 £
Net cash flow from operating activities	21		1,305,404		137,642
Returns on investment and servicing of finance	22		(72,371)		(71,648)
Taxation	22		(15,312)		(22,500)
Capital expenditure and financial investment					
Purchase of intangible fixed assets		(20,000)		-	
Purchase of tangible fixed assets		(39,555)		(5,460)	
			(59,555)		(5,460)
Equity dividends paid			(431,576)		-
Cash inflow before management of liquid resources and financing			726,590		38,034
Financing					
Repayment of loans and borrowings		-		(22,274)	
Issue of equity shares		100		-	
Redemption of shares		(100,535)		-	
Capital element of hire purchase payments		(403,557)		(387,221)	
			(503,992)		(409,495)
Net cash flow			222,598		(371,461)

Reconciliation of net cash flow to movement in net debt

	Note	2006 £	2005 £
Increase/(decrease) in cash in the year	23	222,598	(371,461)
Cash inflow from increase in debt and lease financing		403,557	387,222
Change in net debt resulting from cash flows		626,155	15,761
New finance leases		(374,894)	(350,736)
Movement in net debt in the period		251,261	(334,975)
Net debt at the start of the year	23	(432,424)	(97,449)
Net debt at the end of the year	23	(181,163)	(432,424)

The notes on pages 9 to 21 form an integral part of these financial statements

1 Accounting policies

Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 June 2006 The acquisiton method of accounting has been adopted Under this method, the results of the subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

An associate is an undertaking in which the group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence A joint venture is an undertaking in which the group has a long term interest and over which it exercises joint control The group's share of the profits less losses of associates and of joint ventures is included in the consolidated profit and loss account and its interest in their net assets, other than goodwill, is included in investments in the consolidated balance sheet

Where a group company is party to a joint arrangement which is not an entity, that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows Such arrangements are reported in the consolidated financial statements on the same basis

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account Its profit for the financial year was £316,593 (2005 - £103,248)

Turnover

Turnover represents amounts invoiced, net of value added tax, in respect of the sale of goods and services to customers

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows

Goodwill	50% on cost

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows

Plant and machinery	between 10% and 50% on cost
Fixtures and fittings	between 20% and 33 33% on cost
Transport equipment	between 20% and 33 33% on cost

Goodwill

Goodwill is the difference between the fair value of consideration paid for an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks Net realisable value is based on selling price less anticipated costs to completion and selling costs

Deferred taxation

Deferred tax is provided in full on timing differences which represent a liability at the balance sheet 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 or expenditure in tax computations in periods different from those in which they are included in the financial statements Deferred tax assets and liabilities are not discounted

Hire purchase and finance lease contracts

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives The capital elements of future obligations under the leases are included as liabilities in the balance sheet The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding

Assets acquired under instalment finance agreements are treated as tangible fixed assets and depreciation is provided accordingly The capital element of future finance payments is included within creditors Finance charges are allocated to accounting periods over the length of the contract

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

2 Operating profit

Operating profit is stated after charging

	2006	2005
	£	£
Hire of plant and machinery (Operating Leases)	1,944	2,062
Auditors' remuneration - audit services		
Company	19,224	9,388
Group	19,224	9,388
Depreciation of tangible fixed assets	280,460	264,730
Amortisation of goodwill	10,000	-

3 Particulars of employees

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows

	2006 No.	2005 No.
Production and other	263	265
Administration	18	14
	281	279

The aggregate payroll costs of these persons were as follows

	2006 £	2005 £
Wages and salaries	4,609,462	3,837,148
Social security	389,314	302,750
	4,998,776	4,139,898

4 Directors' emoluments

The directors' emoluments for the year are as follows

	2006 £	2005 £
Directors' emoluments (including benefits in kind)	198,090	157,480

5 Interest payable and similar charges

	2006 £	2005 £
Bank loan interest payable	-	779
Hire purchase interest	72,371	70,869
	72,371	71,648

6 Taxation

Analysis of current period tax charge

	2006 £	2005 £
Current tax		
Corporation tax charge	176,019	12,683
(Over)/under provision in previous year	2,629	-
UK Corporation tax	178,648	12,683
Deferred tax		
Origination and reversal of timing differences	95,212	16,929
Total tax on profit on ordinary activities	273,860	29,612

Factors affecting current period tax charge

The tax assessed on the profit on ordinary activities for the year is lower than (2005 - lower than) the standard rate of corporation tax in the UK of 30 00% (2005 - 19 00%)

The differences are reconciled below

	2006 £	2005 £
Profit on ordinary activities before taxation	663,140	132,860
Standard rate corporation tax charge	198,942	25,243
Expenses not deductible for tax purposes (including goods)	9,265	4,435
Capital allowances in excess of depreciation	(18,914)	(16,995)
(Over)/under provision in previous year	2,629	-
Marginal relief	(13,274)	-
Total current tax for the year	178,648	12,683

7 Intangible fixed assets

Group

	Goodwill £
Cost	
Additions	20,000
Amortisation	
Charge for the year	10,000
Net book value	
As at 30 June 2006	10,000

Company

	Goodwill £
Cost	
Additions	20,000
Amortisation	
Charge for the year	10,000
Net book value	
As at 30 June 2006	10,000

8 Tangible fixed assets

Group

	Plant and machinery £	Fixtures and fittings £	Transport equipment £	Total £
Cost				
As at 1 July 2005	2,340,110	167,064	73,519	2,580,693
Additions	285,741	34,704	94,004	414,449
As at 30 June 2006	2,625,851	201,768	167,523	2,995,142
Depreciation				
As at 1 July 2005	727,616	128,783	43,368	899,767
Charge for the year	246,276	21,821	12,362	280,459
As at 30 June 2006	973,892	150,604	55,730	1,180,226
Net book value				
As at 30 June 2006	1,651,959	51,164	111,793	1,814,916
As at 30 June 2005	1,612,494	38,281	30,151	1,680,926

Hire purchase agreements

Included within the total net book value of tangible fixed assets is £3,370,538 (2005 - £3,087,796) in respect of assets held under finance leases and similar hire purchase contracts Depreciation for the year on these assets was £386,738 (2005 - £445,426)

Company

	Plant and machinery £	Fixtures and fittings £	Transport equipment £	Total £
Cost				
As at 1 July 2005	2,340,110	167,064	73,519	2,580,693
Additions	285,741	34,704	94,004	414,449
As at 30 June 2006	2,625,851	201,768	167,523	2,995,142
Depreciation				
As at 1 July 2005	727,616	128,783	43,368	899,767
Charge for the year	246,276	21,821	12,362	280,459
As at 30 June 2006	973,892	150,604	55,730	1,180,226
Net book value				
As at 30 June 2006	1,651,959	51,164	111,793	1,814,916
As at 30 June 2005	1,612,494	38,281	30,151	1,680,926

9 Fixed asset investments

Company

	Group shares £
Cost	
Additions	900
Net book value	
As at 30 June 2006	900

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

	Country of incorporation	Principal activity	Class	%
Subsidiary undertakings				
Advanced Processing (Holmfield) Limited	UK	Garment processing and distribution	Ordinary	90

10 Stocks and work in progress

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Stocks	128,246	71,887	128,246	71,887
Work in progress	97,070	79,894	97,070	79,894
	225,316	151,781	225,316	151,781

11 Debtors

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Trade debtors	892,288	868,367	832,647	868,367
Other debtors	-	455	-	455
Prepayments and accrued income	63,881	49,998	63,881	49,998
	956,169	918,820	896,528	918,820

12 Creditors: Amounts falling due within one year

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Obligations under finance leases and hire purchase contracts	457,942	391,911	457,942	391,911
Trade creditors	707,516	453,363	707,517	453,363
Amounts owed to group undertakings	-	-	900	-
Corporation tax	176,019	12,683	155,493	12,683
Social security and other taxes	509,484	309,891	493,157	309,891
Other creditors	184,854	67,775	184,854	67,775
Accruals and deferred income	248,789	429,296	248,789	429,296
	2,284,604	1,664,919	2,248,652	1,664,919

13 Creditors: Amounts falling due after more than one year

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Obligations under finance leases and hire purchase contracts	604,781	699,475	604,781	699,475

14 Maturity of borrowings

Group

Amounts repayable

	Obligations under finance leases and HP contracts £
As at 30 June 2006	
In one year or less on demand	457,942
Between one and two years	280,236
Between two and five years	324,545
	1,062,723
As at 30 June 2005	
In one year or less on demand	391,911
Between one and two years	379,853
Between two and five years	319,622
	1,091,386

Company

Amounts repayable

	Obligations under finance leases and HP contracts £
As at 30 June 2006	
In one year or less on demand	457,942
Between one and two years	280,236
Between two and five years	324,545
	1,062,723
As at 30 June 2005	
In one year or less on demand	391,911
Between one and two years	379,853
Between two and five years	319,622
	1,091,386

15 Provisions for liabilities

Group

	Deferred tax provision £
As at 1 July 2005	131,057
Deferred tax provision charged to the profit and loss account	95,212
As at 30 June 2006	226,269

Company

	Deferred tax provision £
As at 1 July 2005	131,057
Deferred tax provision charged to the profit and loss account	95,212
As at 30 June 2006	226,269

16 Share capital

	2006 £	2005 £
Authorised		
150,000 Ordinary shares of £1 each	150,000	150,000
27,500 Preference shares of £1 each	27,500	27,500
	177,500	177,500
Allotted, called up and fully paid		
106,242 (111,846 - 2005) Ordinary shares of £1 each	106,242	111,846
	106,242	111,846

On 7th September 2005, the Company repurchased a total of 5,604 ordinary £1 shares at a cost of £100,536

17 Reserves

Group

	Share premium reserve £	Capital redemption reserve £	Profit and loss account £	Total £
Balance at 1 July 2005	5,658	27,500	770,035	803,193
Purchase of own shares	-	-	(100,536)	(100,536)
Other reserves movement	-	5,604	-	5,604
Transfer from profit and loss account for the year	-	-	(49,565)	(49,565)
Balance at 30 June 2006	5,658	33,104	619,934	658,696

Company

	Share premium reserve £	Capital redemption reserve £	Profit and loss account £	Total £
Balance at 1 July 2005	5,658	27,500	770,035	803,193
Purchase of own shares	-	-	(100,536)	(100,536)
Other reserves movement	-	5,604	-	5,604
Transfer from profit and loss account for the year	-	-	(114,983)	(114,983)
Balance at 30 June 2006	5,658	33,104	554,516	593,278

18 Minority interests

	2006	2005
	£	£
Retained profit for the year	7,269	-
Acquisition of subsidiary undertaking	100	-
Closing balance	7,369	-
Equity	7,369	-
Non-equity	-	-
	7,369	-

19 Reconciliation of movements in shareholders' funds

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Profit attributable to members of the group/company	382,011	103,248	316,593	103,248
Dividends	(431,576)	-	(431,576)	-
	(49,565)	103,248	(114,983)	103,248
Other recognised losses for the year	(94,932)	-	(94,932)	-
Reduction in share capital	5,604		5,604	
Net (reduction)/addition to shareholders' funds	(150,101)	103,248	(215,519)	103,248
Opening equity shareholders' funds	915,039	811,791	915,039	811,791
Closing equity shareholders' funds	764,938	915,039	699,520	915,039

20 Operating lease commitments

As at 30 June 2006 the group had annual commitments under non-cancellable operating leases as follows

	Land and Buildings		Other	
	2006	2005	2006	2005
	£	£	£	£
Within one year	-	-	153,140	3,900
Between two and five years	397,500	597,500	166,192	287,687
	397,500	597,500	319,332	291,587

21 Reconciliation of operating profit to operating cash flows

	2006 £	2005 £
Operating profit	735,511	204,508
Depreciation, amortisation and impairment charges	290,459	264,730
Increase in stocks	(73,535)	(22,441)
(Increase)/decrease in debtors	(37,349)	157,809
Increase/(decrease) in creditors	390,318	(466,964)
Net cash inflow from operating activities	1,305,404	137,642

22 Analysis of cash flows

	2006 £	2005 £
Returns on investment and servicing of finance		
HP interest paid	(72,371)	(70,869)
Other interest paid	-	(779)
	(72,371)	(71,648)
Taxation		
Taxation paid	(15,312)	(22,500)
	(15,312)	(22,500)

23 Analysis of net debt

	At start of period £	Cash flow £	Other non-cash changes £	At end of period £
Cash at bank and in hand	658,962	222,598	-	881,560
Hire purchase	(1,091,386)	403,557	(374,894)	(1,062,723)
Net debt	(432,424)	626,155	(374,894)	(181,163)

24 Related parties

Controlling entity

The company is controlled by the directors who own 63 16 % of the called up share capital