

Company Registration No. 1034349 (England and Wales)

**ANN SUMMERS LTD**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2002**

Ref. 16482-01



# ANN SUMMERS LTD

## COMPANY INFORMATION

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### Chief Executive

J Gold

### Directors

J Gold

D Gold

R Gold

J Harris

C Ord

V Gold

J Clarke

### Secretary

C Ord

### Company number

1034349

### Registered office

Gold Group House

Godstone Road

Whyteleafe

Surrey

CR3 0GG

### Auditors

MRI Moores Rowland LLP

3 Sheldon Square

Paddington

London

W2 6PS

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# ANN SUMMERS LTD

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# ANN SUMMERS LTD

## CHIEF EXECUTIVE'S REPORT

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I am delighted once again to report another superb year for Ann Summers, with healthy growth in all areas of the business for year ending June 2002.

Our retail division, currently nearly half way through a rapid expansion plan, reported a like for like increase of 28% and an overall growth of 58.3%. At the time of writing, retail have a portfolio of 75 high street and shopping centre stores, with many more in the pipeline for our continued expansion. The retail stores have undergone a new design and layout, trialed in Brighton in January 2002 and now successfully rolling out to all new stores.

Ann Summers has now stamped its mark on the high street helping our brand awareness strengthen and proving to be the very popular face of Ann Summers. We predict that future stores will now open in quick succession, realising our aim of 150 stores across the UK.

Party Plan remains unaffected by the growth on the high street, reporting a superb 23% sales increase. New catalogue designs and continued investment in product development, quality standards and motivational sales techniques have seen sales rise and encouraged the party plan field to increase sales.

The Ann Summers website and mail order arm continues to grow, with a massive 71% increase in sales. Now billed as one of the most successful websites on the Internet, we believe annsummers.com has room for further growth and have since launched a sister site retailing raunchier products to meet customer demand called annsummersuncut.com.

Our new Headquarters now houses the head office staff and warehousing providing a professional and spacious workplace. This has improved motivation and professionalism within our business and has helped us improve our standards and fulfil our aspirations for the brand.

We are looking forward to a fast future growth and remain the UK's unique passion and fashion retailer.



**Jacqueline Gold**  
Chief Executive

# ANN SUMMERS LTD

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2002

The directors present their report and financial statements for the year ended 30 June 2002.

### Principal activities and review of the business

The principal activity of the company continued to be that of distributing lingerie, high street fashion, swimwear, t-shirts, hosiery, jewellery, boxed games, personal products, novelty items, books, cards, wrapping paper, oils, lotions and perfume.

All retail trade formerly included in sister company Lydcare Limited was transferred along with all its assets to Ann Summers Ltd on 1 July 2001. The company now operates 75 high street stores in this capacity alongside the existing distribution activities of its party plan division.

### Results and dividends

The results for the year are set out on page 5. The directors do not recommend the payment of a dividend (2001 - £nil).

### Directors

The following directors have held office since 1 July 2001:

J Gold  
D Gold  
R Gold  
J Harris  
C Ord  
V Gold  
J Clarke

### Directors' interests

The directors' interests in the shares of the company were as stated below:

|          | Ordinary Shares of £ 1 each |             |
|----------|-----------------------------|-------------|
|          | 30 June 2002                | 1 July 2001 |
| D Gold   | -                           | -           |
| R Gold   | -                           | -           |
| J Harris | -                           | -           |
| J Gold   | -                           | -           |
| C Ord    | -                           | -           |
| V Gold   | -                           | -           |
| J Clarke | -                           | -           |

The interests of D Gold, R Gold and J Gold in the ultimate parent company are disclosed in those financial statements. Furthermore, V Gold is a beneficiary of a trust which holds 10,248 ordinary shares in the company's ultimate parent undertaking.

# ANN SUMMERS LTD

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2002

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### Auditors

MRI Moores Rowland LLP were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

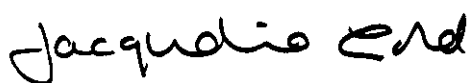
### Directors' responsibilities

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 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;
- 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 the going concern basis unless it is inappropriate to presume that the company 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 to 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.

By order of the board



J Gold

Chief Executive

17 April 2003

# ANN SUMMERS LTD

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ANN SUMMERS LTD

We have audited the financial statements of Ann Summers Ltd on pages 5 to 15 for the year ended 30 June 2002. These financial statements have been prepared under the historical cost convention and 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 audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 the 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 are set out on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chief Executive's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*MRI Moores Rowland LLP*

**MRI Moores Rowland LLP**

Chartered Accountants  
Registered Auditor

*28.6.03*

3 Sheldon Square  
Paddington  
London  
W2 6PS

# ANN SUMMERS LTD

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2002

|                                                      |       | 2002<br>continuing | 2002<br>group transfers | 2002<br>total | 2001<br>continuing |
|------------------------------------------------------|-------|--------------------|-------------------------|---------------|--------------------|
|                                                      | Notes | £                  | £                       | £             | £                  |
| Turnover                                             | 3     | 24,215,459         | 24,567,904              | 48,783,363    | 18,700,848         |
| Cost of sales                                        |       | (8,442,237)        | (5,358,264)             | (13,800,501)  | (6,939,085)        |
| <b>Gross profit</b>                                  |       | 15,773,222         | 19,209,640              | 34,982,862    | 11,761,763         |
| Distribution costs                                   |       | (7,020,596)        | (7,164,055)             | (14,184,651)  | (6,496,812)        |
| Administrative expenses                              |       | (5,821,118)        | (7,777,490)             | (13,598,608)  | (4,600,298)        |
| Other operating income                               |       | 221,083            | 132,870                 | 353,953       | 442,294            |
| <b>Operating profit</b>                              | 4     | 3,152,591          | 4,400,965               | 7,553,556     | 1,106,947          |
| Other interest receivable and similar income         |       |                    |                         | 192           | 10                 |
| Interest payable and similar charges                 |       |                    |                         | (3,467)       | (10)               |
| <b>Profit on ordinary activities before taxation</b> |       |                    |                         | 7,550,281     | 1,106,947          |
| Tax on profit on ordinary activities                 | 5     |                    |                         | (2,364,383)   | (539,293)          |
| <b>Profit on ordinary activities after taxation</b>  | 13    |                    |                         | 5,185,898     | 567,654            |

The profit and loss account has been prepared on the basis that all operations are continuing operations. For detail of group transfers noted above, refer to note 2.

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

The notes on pages 7 to 15 form an integral part of these financial statements.

# ANN SUMMERS LTD

## BALANCE SHEET AS AT 30 JUNE 2002

|                                                       | Notes | 2002<br>£           | £                   | 2001<br>£        | £ |
|-------------------------------------------------------|-------|---------------------|---------------------|------------------|---|
| <b>Fixed assets</b>                                   |       |                     |                     |                  |   |
| Tangible assets                                       | 6     | 6,726,867           |                     | 1,407,688        |   |
| Investments                                           | 7     | 100                 |                     | 100              |   |
|                                                       |       | <u>6,726,967</u>    |                     | <u>1,407,788</u> |   |
| <b>Current assets</b>                                 |       |                     |                     |                  |   |
| Stocks                                                | 8     | 4,440,492           | 1,821,748           |                  |   |
| Debtors                                               | 9     | 26,998,353          | 19,375,948          |                  |   |
| Cash at bank and in hand                              |       | 563,443             | 436,776             |                  |   |
|                                                       |       | <u>32,002,288</u>   | <u>21,634,472</u>   |                  |   |
| <b>Creditors: amounts falling due within one year</b> | 10    | <u>(25,912,313)</u> | <u>(15,411,216)</u> |                  |   |
| <b>Net current assets</b>                             |       | <u>6,089,975</u>    |                     | <u>6,223,256</u> |   |
| <b>Total assets less current liabilities</b>          |       | <u>12,816,942</u>   |                     | <u>7,631,044</u> |   |
| <b>Capital and reserves</b>                           |       |                     |                     |                  |   |
| Called up share capital                               | 12    | 500,000             | 500,000             |                  |   |
| Profit and loss account                               | 13    | 12,316,942          | 7,131,044           |                  |   |
| <b>Shareholders' funds - equity interests</b>         | 14    | <u>12,816,942</u>   | <u>7,631,044</u>    |                  |   |

The financial statements were approved by the Board on 17 April 2003

*Jacqueline Gold*

J Gold  
Chief Executive

The notes on pages 7 to 15 form an integral part of these financial statements.

# ANN SUMMERS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

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### 1 Accounting policies

#### 1.1 Accounting convention

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

#### 1.2 Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

#### 1.3 Tangible fixed assets and depreciation

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

|                                    |                              |
|------------------------------------|------------------------------|
| Short leasehold land and buildings | over the period of the lease |
| Fixtures, fittings & equipment     | 25% Straight line            |
| Motor vehicles                     | 25% Straight line            |

#### 1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.5 Investments

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

#### 1.6 Stock

Stock is valued at the lower of cost and net realisable value. Cost is computed on a first in, first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

#### 1.7 Pensions

The company operates money purchase pension arrangements. Pension contributions are paid to separate administered funds. Contributions to these funds are charged to the profit and loss account as and when they are due.

#### 1.8 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior period adjustment. If the new policy had been in place in the previous period no liability or asset would have been recognised as the conditions for recognition would not have been satisfied.

#### 1.9 Foreign currency translation

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

# ANN SUMMERS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 1 Accounting policies (continued)

#### 1.10 Cashflow

The company has taken advantage of the exemption applicable to wholly owned subsidiaries under Financial Reporting Standard 1 Cash Flow Statements (revised) where the parent company produces consolidated financial statements including a consolidated cashflow statement showing the cashflows of the group. Therefore no cashflow statement has been produced.

#### 1.11 Consolidation

As an intermediate parent company whose securities are not listed anywhere in the European community and whose immediate parent company is incorporated under the law of an EC member country, the company is exempt from the requirement to prepare group financial statements. The results of the company and of its subsidiaries are included in the consolidated financial statements prepared by the parent company, Gold Group International Limited. For a listing of subsidiary undertakings of the company, please refer to note 7.

### 2 Group transfers

All retail trade formerly included in sister company Lydcare Limited was transferred, along with all its assets by way of a group transfer to Ann Summers Ltd on 1 July 2001.

Lydcare Limited and Ann Summers Ltd are both wholly owned subsidiaries of Gold Group International Limited, a company registered in England and Wales.

Comparative values include only the results of Ann Summers Ltd for the year ended 30 June 2001.

### 3 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

### 4 Operating profit

|                                            | 2002      | 2001    |
|--------------------------------------------|-----------|---------|
|                                            | £         | £       |
| Operating profit is stated after charging: |           |         |
| Depreciation of tangible assets            | 2,038,966 | 539,880 |
| Loss on foreign exchange transactions      | 70,538    | -       |
| Operating lease rentals                    | 4,676,160 | 179,410 |
| Auditors' remuneration                     | 51,455    | 10,292  |
| and after crediting:                       |           |         |
| Profit on foreign exchange transactions    | -         | (6,310) |

# ANN SUMMERS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

| 5 | Taxation                                                                                                                  | 2002<br>£        | 2001<br>£      |
|---|---------------------------------------------------------------------------------------------------------------------------|------------------|----------------|
|   | <b>Domestic current year tax</b>                                                                                          |                  |                |
|   | U.K. corporation tax                                                                                                      | 2,264,404        | 187,333        |
|   | Adjustment for prior years                                                                                                | (57,418)         | (1,673)        |
|   | Payment in respect of group relief                                                                                        | 201,067          | 353,633        |
|   | Receipt in respect of group relief                                                                                        | (43,670)         | -              |
|   | <b>Current tax charge</b>                                                                                                 | <u>2,364,383</u> | <u>539,293</u> |
|   | <b>Factors affecting the tax charge for the year</b>                                                                      |                  |                |
|   | Profit on ordinary activities before taxation                                                                             | 7,550,281        | 1,106,947      |
|   | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2001 : 30.00%) | <u>2,265,084</u> | <u>332,084</u> |
|   | Effects of:                                                                                                               |                  |                |
|   | Non deductible expenses                                                                                                   | 158,698          | 43,142         |
|   | Depreciation add back                                                                                                     | 611,690          | 542,010        |
|   | Capital allowances                                                                                                        | (574,289)        | (461,224)      |
|   | Adjustments to previous periods                                                                                           | (57,418)         | (1,673)        |
|   | Chargeable disposals                                                                                                      | 16,186           | -              |
|   | Other tax adjustments                                                                                                     | (55,568)         | 84,954         |
|   |                                                                                                                           | <u>99,299</u>    | <u>207,209</u> |
|   | <b>Current tax charge</b>                                                                                                 | <u>2,364,383</u> | <u>539,293</u> |

# ANN SUMMERS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 6 Tangible fixed assets

|                       | Short<br>leasehold<br>land and<br>buildings | Fixtures,<br>fittings &<br>equipment | Motor<br>vehicles | Total             |
|-----------------------|---------------------------------------------|--------------------------------------|-------------------|-------------------|
|                       | £                                           | £                                    | £                 | £                 |
| <b>Cost</b>           |                                             |                                      |                   |                   |
| At 1 July 2001        | -                                           | 574,651                              | 1,886,527         | 2,461,178         |
| Group transfers       | 337,000                                     | 4,927,877                            | 149,383           | 5,414,260         |
| Additions             | 55,000                                      | 3,572,972                            | 976,829           | 4,604,801         |
| Disposals             | -                                           | (85,033)                             | (569,571)         | (654,604)         |
|                       | <u>392,000</u>                              | <u>8,990,467</u>                     | <u>2,443,168</u>  | <u>11,825,635</u> |
| At 30 June 2002       |                                             |                                      |                   |                   |
| <b>Depreciation</b>   |                                             |                                      |                   |                   |
| At 1 July 2001        | -                                           | 346,659                              | 706,831           | 1,053,490         |
| Group transfers       | 65,281                                      | 2,246,263                            | 51,657            | 2,363,201         |
| On disposals          | -                                           | (49,271)                             | (307,618)         | (356,889)         |
| Charge for the year   | 36,353                                      | 1,480,424                            | 522,189           | 2,038,966         |
|                       | <u>101,634</u>                              | <u>4,024,075</u>                     | <u>973,059</u>    | <u>5,098,768</u>  |
| At 30 June 2002       |                                             |                                      |                   |                   |
| <b>Net book value</b> |                                             |                                      |                   |                   |
| At 30 June 2002       | <u>290,366</u>                              | <u>4,966,392</u>                     | <u>1,470,109</u>  | <u>6,726,867</u>  |
| At 30 June 2001       | <u>-</u>                                    | <u>227,992</u>                       | <u>1,179,696</u>  | <u>1,407,688</u>  |

# ANN SUMMERS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 7 Fixed asset investments

|                                           | Shares in subsidiary undertakings<br>£ |
|-------------------------------------------|----------------------------------------|
| <b>Cost</b>                               |                                        |
| At 1 July 2001 & at 30 June 2002          | 202                                    |
| <b>Provisions for diminution in value</b> |                                        |
| At 1 July 2001 & at 30 June 2002          | 102                                    |
| <b>Net book value</b>                     |                                        |
| At 30 June 2002                           | 100                                    |
| At 30 June 2001                           | 100                                    |

#### Holdings of more than 20%

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

| Company                            | Country of registration or incorporation | Shares held Class | %   | Principal Activity   |
|------------------------------------|------------------------------------------|-------------------|-----|----------------------|
| <b>Subsidiary undertakings</b>     |                                          |                   |     |                      |
| Ann Summers Deutschland GmbH       | Germany                                  | Ordinary          | 100 | Dormant              |
| Ann Summers (Ireland) Limited      | Ireland                                  | Ordinary          | 100 | Party plan           |
| Ann Summers Australasia Pty Ltd    | Australia                                | Ordinary          | 100 | Retail               |
| Greenwich House Properties Limited | England & Wales                          | Ordinary          | 67  | Property development |
| *Aacron Self Storage Limited       | England & Wales                          | Ordinary          | 67  | Dormant              |
| *York Place Investments Limited    | England & Wales                          | Ordinary          | 67  | Property development |
| *Stockwell Park Limited            | England & Wales                          | Ordinary          | 67  | Property development |

\* - held as a 100% subsidiary of Greenwich House Properties Limited.

| 8 Stocks       | 2002<br>£ | 2001<br>£ |
|----------------|-----------|-----------|
| Finished goods | 4,440,492 | 1,821,748 |

# ANN SUMMERS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

| 9 Debtors                          | 2002<br>£         | 2001<br>£         |
|------------------------------------|-------------------|-------------------|
| Trade debtors                      | 759,579           | 580,425           |
| Amounts owed by group undertakings | 24,301,277        | 18,640,949        |
| Other debtors                      | 614,608           | 86,533            |
| Prepayments and accrued income     | 1,322,889         | 68,041            |
|                                    | <u>26,998,353</u> | <u>19,375,948</u> |

| 10 Creditors: amounts falling due within one year | 2002<br>£         | 2001<br>£         |
|---------------------------------------------------|-------------------|-------------------|
| Trade creditors                                   | 4,073,281         | 1,508,720         |
| Amounts owed to group undertakings                | 16,601,327        | 12,194,286        |
| Corporation tax                                   | 2,264,447         | 2,222             |
| Other taxes and social security costs             | 1,337,988         | 684,899           |
| Other creditors                                   | 182,003           | 169,695           |
| Accruals and deferred income                      | 1,453,267         | 851,394           |
|                                                   | <u>25,912,313</u> | <u>15,411,216</u> |

### 11 Pension costs

The company contributes to defined contribution pension policies held individually by directors and staff. The pension cost charge represents contributions payable by the company in the year to these policies and amounted to £33,941 (2001 - £17,018).

| 12 Share capital                          | 2002<br>£      | 2001<br>£      |
|-------------------------------------------|----------------|----------------|
| <b>Authorised</b>                         |                |                |
| 500,000 Ordinary Shares of £ 1 each       | <u>500,000</u> | <u>500,000</u> |
| <b>Allotted, called up and fully paid</b> |                |                |
| 500,000 Ordinary Shares of £ 1 each       | <u>500,000</u> | <u>500,000</u> |

# ANN SUMMERS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 13 Statement of movements on profit and loss account

|                              | Profit and<br>loss<br>account<br>£ |
|------------------------------|------------------------------------|
| Balance at 1 July 2001       | 7,131,044                          |
| Retained profit for the year | 5,185,898                          |
|                              | <u>          </u>                  |
| Balance at 30 June 2002      | 12,316,942                         |
|                              | <u>          </u>                  |

### 14 Reconciliation of movements in shareholders' funds

|                               | 2002<br>£         | 2001<br>£         |
|-------------------------------|-------------------|-------------------|
| Profit for the financial year | 5,185,898         | 567,654           |
| Opening shareholders' funds   | 7,631,044         | 7,063,390         |
|                               | <u>          </u> | <u>          </u> |
| Closing shareholders' funds   | 12,816,942        | 7,631,044         |
|                               | <u>          </u> | <u>          </u> |

### 15 Contingent liabilities

The company has given a cross guarantee to secure the banking arrangements of the group. At the balance sheet date the group's indebtedness to its bankers was £nil (2001 - £607,023).

The company has a joint and several liability for VAT under a group registration scheme. At the balance sheet date amounts outstanding and covered by the scheme totalled £624,676 (2001 - £856,509). The liability included for Ann Summers Ltd is £942,990 (2001 - £598,886).

The company is currently involved in litigation regarding the USA franchise. Amounts of £800,000 were initially provided for during the year ended 30 June 2001 however, an amount of £650,000 has subsequently been reversed during the current year ended 30 June 2002. Total costs of £150,000 including legal expenses are included in accruals and deferred income at the balance sheet date, although the outcome of the case is not certain.

The company has incurred post balance sheet expenses in respect of product recall costs, the majority of which relates to advertising expenses. Amounts of £200,000 have been provided for in the year ended 30 June 2002 and are included in accruals and deferred income at the balance sheet date.

# ANN SUMMERS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 16 Financial commitments

At 30 June 2002 the company had annual commitments under non-cancellable operating leases as follows:

|                            | Land and buildings |          |
|----------------------------|--------------------|----------|
|                            | 2002               | 2001     |
|                            | £                  | £        |
| Expiry date:               |                    |          |
| Between two and five years | 37,000             | -        |
| In over five years         | 4,741,050          | -        |
|                            | <u>4,778,050</u>   | <u>-</u> |

### 17 Directors' emoluments

|                                                         | 2002           | 2001           |
|---------------------------------------------------------|----------------|----------------|
|                                                         | £              | £              |
| Emoluments for qualifying services                      | 362,327        | 332,643        |
| Company pension contributions to money purchase schemes | 33,941         | 17,018         |
|                                                         | <u>396,268</u> | <u>349,661</u> |

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

|                                                         |                |                |
|---------------------------------------------------------|----------------|----------------|
| Emoluments for qualifying services                      | 116,961        | 126,219        |
| Company pension contributions to money purchase schemes | 5,225          | 4,650          |
|                                                         | <u>122,186</u> | <u>130,869</u> |

The emoluments of D Gold and R Gold are shown in the financial statements of the parent company.

### 18 Transactions with directors

Included in other debtors at the year end are balances owed by J Gold of £6,046 (2001 - £7,498) and V Gold £4,820 (2001 - £4,557). These were the maximum amounts outstanding during the year. All amounts were repaid after the year end.

# ANN SUMMERS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 19 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

|                      | 2002<br>Number | 2001<br>Number |
|----------------------|----------------|----------------|
| Distribution staff   | 541            | 100            |
| Administration staff | 183            | 147            |
|                      | <u>724</u>     | <u>247</u>     |

#### Employment costs

|                       | £                | £                |
|-----------------------|------------------|------------------|
| Wages and salaries    | 7,857,835        | 3,181,530        |
| Social security costs | 633,915          | 275,025          |
| Other pension costs   | 33,941           | 17,018           |
|                       | <u>8,525,691</u> | <u>3,473,573</u> |

### 20 Ultimate parent undertaking

The company's ultimate parent undertaking and immediate controlling party at the balance sheet date continued to be Gold Group International Limited, a company registered in England and Wales.

The ultimate controlling parties continued to be David Gold and Ralph Gold, majority shareholders of Gold Group International Limited.

### 21 Related party transactions

The company is a wholly owned subsidiary of Gold Group International Limited and utilises the exemption contained in Financial Reporting Standard 8 Related Party Disclosures not to disclose any transactions with entities that are part of the Gold Group International group. The address at which the consolidated financial statements are publicly available is Gold Group House, Godstone Road, Whyteleafe, Surrey CR3 0GG.