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Registrar's Copy

Company No: 2027951

GOLDEN LADY (UK) LIMITED

Annual Report

Year ended 31 December 2000



PKF
PANNELL HOUSE
153 CHARLES STREET
LEICESTER LE1 1LD
PKF

GOLDEN LADY (UK) LIMITED

COMPANY INFORMATION

Directors	Nadia Grassi Monica Grassi
Secretary	Nadia Grassi
Company Number	02027951
Registered Office	County Estate Nunn Brook Road Huthwaite Sutton in Ashfield Nottinghamshire NG17 2HU
Auditors	PKF Pannell House 159 Charles Street Leicester LE1 1LD
Solicitors	Bray & Bray 1, 3, 5 Welford Road Leicester LE2 7AW
Bankers	Lloyds TSB Bank 7 High Street Leicester LE1 9FS

GOLDEN LADY (UK) LIMITED

CONTENTS

	Page
DIRECTORS' REPORT	1 - 2
STATEMENT OF DIRECTORS' RESPONSIBILITIES	3
AUDITORS' REPORT	4
PROFIT AND LOSS ACCOUNT	5
BALANCE SHEET	6
CASH FLOW STATEMENT	7
NOTES TO THE FINANCIAL STATEMENTS	8 - 14

GOLDEN LADY (UK) LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2000

The directors submit their annual report and the audited financial statements for the year ended 31 December 2000.

Results and dividends

The loss for the year after taxation amounted to £251,975 (1999 loss - £17,306)

There are no distributable profits available for payment of a dividend.

Principal activity and review of business

The principal activity of the Company throughout the year continued to be the sale, marketing and distribution of ladies tights and stockings.

The Company continued to consolidate its principal brand name "Golden Lady" within the UK and, when combined with its associate companies, makes "Golden Lady" Europe's leading hosiery brand.

All manufacturing is carried out at the Group's own hi-tech factories in Italy and all the UK Sales, Marketing and Distribution is undertaken from the company's freehold premises in Huthwaite, Notts.

The directors are pleased with the increase in turnover achieved in the year but disappointed with the resulting losses. This is attributable to the difficult market conditions prevailing during the year. The directors are however, confident that the company can return to profitability.

Directors

The directors of the Company at the end of the year were:

Nadia Grassi

Monica Grassi

Alan Cotton and David Anthony Dodds resigned as directors on 9 April 2001.

The Company is a wholly owned subsidiary of a company incorporated outside Great Britain and it is exempt from the requirement to disclose the interests of the directors in other group companies, all of which are incorporated outside Great Britain.

Political and charitable contributions

During the year the Company made charitable contributions amounting to £420.

Fixed assets

Details of fixed assets are shown in note 8 to the financial statements.

GOLDEN LADY (UK) LIMITED
DIRECTORS' REPORT (continued)
YEAR ENDED 31 DECEMBER 2000

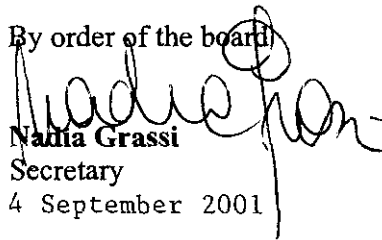
Status

The Company is a close company under the provisions of the Income and Corporation Taxes Act 1988.

Auditors

Pannell Kerr Forster changed its name to PKF on 1 November 2000 and has signed its audit report in its new name. PKF is eligible for re-appointment as auditor to the company and a resolution proposing its re-appointment will be proposed at the Annual General Meeting.

By order of the board



Nadia Grassi
Secretary
4 September 2001

County Estate
Nunn Brook Road
Huthwaite
Sutton in Ashfield
Notts
NG17 2HU

GOLDEN LADY (UK) LIMITED
STATEMENT OF 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,
- 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 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.

The directors are responsible for ensuring that the directors' report is prepared in accordance with company law in the United Kingdom.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GOLDEN LADY (UK) LIMITED

We have audited the financial statements of Golden Lady (UK) Limited for the year ended 31 December 2000 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and 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 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 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 judgments 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 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

LEICESTER, UK
4 September 2001


PKF
Registered Auditors

GOLDEN LADY (UK) LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £	1999 £
TURNOVER	2	5,403,313	5,030,447
Cost of sales		(3,318,871)	(2,973,671)
GROSS PROFIT		2,084,442	2,056,776
Distribution costs		(1,158,010)	(1,054,160)
Administrative expenses		(1,196,803)	(1,004,275)
OPERATING LOSS	3	(270,371)	(1,659)
Interest receivable and similar items		2,765	3,945
Interest payable and similar items	6	(2,867)	(2,098)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(270,473)	188
TAXATION	7	18,498	(17,494)
LOSS FOR THE FINANCIAL YEAR		(251,975)	(17,306)

All amounts relate to continuing operations.

There were no recognised gains or losses for the year other than those included in the profit and loss account.

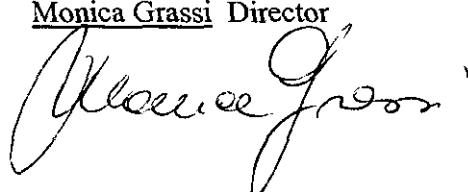
GOLDEN LADY (UK) LIMITED
BALANCE SHEET
31 DECEMBER 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible	8	1,924,946	2,035,250
CURRENT ASSETS			
Stocks	9	1,271,340	1,279,483
Debtors	10	1,260,687	1,028,126
Cash at bank and in hand		183,508	245,200
		<u>2,715,535</u>	<u>2,552,809</u>
CREDITORS: amounts falling due within one year	11	<u>(1,943,704)</u>	<u>(1,628,241)</u>
NET CURRENT ASSETS		<u>771,831</u>	<u>924,568</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,696,777</u>	<u>2,959,818</u>
CREDITORS: amounts falling due after more than one year	12	-	(11,066)
NET ASSETS		<u><u>2,696,777</u></u>	<u><u>2,948,752</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	3,000,000	3,000,000
Profit and loss account	15	(303,223)	(51,248)
SHAREHOLDERS' FUNDS	16	<u><u>2,696,777</u></u>	<u><u>2,948,752</u></u>

The financial statements were approved by the board on 4 September 2001

Signed on behalf of the board of directors


Nadia Grassi Director

Monica Grassi Director


GOLDEN LADY (UK) LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2000

	2000 £	1999 £
Reconciliation of operating loss to net cash inflow from operating activities		
Operating loss	(270,371)	(1,659)
Depreciation of tangible fixed assets	360,417	332,082
Profit on sale of fixed assets	(3,444)	(13,346)
(Increase)/decrease in debtors	(201,163)	348,401
Decrease in stocks	8,143	578,178
Increase/(decrease) in creditors	322,682	(883,216)
Net cash inflow from operating activities	<u>216,264</u>	<u>360,440</u>
 CASH FLOW STATEMENT (note 17)		
Net cash inflow from operating activities	216,264	360,440
Returns on investments and servicing of finance	(102)	1,847
Taxation	(12,900)	(28,252)
Capital expenditure	(246,669)	(246,322)
	<u>(43,407)</u>	<u>87,713</u>
Financing	(18,284)	(21,259)
	<u>(61,691)</u>	<u>66,454</u>
(Decrease)/increase in cash		
 Reconciliation of net cash flow to movement in net debt (note 18)		
(Decrease)/increase in cash in the period	(61,691)	66,454
Decrease/(increase) in hire purchase financing	18,283	(21,362)
	<u>(43,408)</u>	<u>45,092</u>
Change in net (debt)/funds	216,485	171,393
Net funds at 1 January 2000		
	<u>173,077</u>	<u>216,485</u>
Net funds at 31 December 2000		

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention.

(b) Tangible fixed assets and depreciation

Tangible fixed assets except freehold land are depreciated by equal annual instalments over their anticipated useful lives on the following bases:

Buildings	4%
Plant and equipment	20 - 33 1/3%
Merchandising equipment	50%
Motor vehicles	33.3%

Periodic reviews are made to take into account usage and obsolescence.

(c) Finance and operating leases

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The instalments payable under each agreement are apportioned between capital and revenue to write off the finance charge in equal amounts over the period of the agreement.

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(d) Stocks and work in progress

Goods for resale are stated at the lower of cost and net realisable value.

Cost is determined on a first in first out basis.

Net realisable value is the estimated selling price reduced by all costs of marketing, selling and distribution.

(e) Exchange conversions

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions during the year in foreign currencies are recorded at the rates applicable at the date of the transactions. All differences are taken to profit and loss account.

(f) Deferred taxation

The charge for taxation takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

(g) Pensions

The company operates defined contribution pension schemes and the pension charge in the profit and loss account represents the amounts payable by the company to the fund in respect of the year.

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

2 TURNOVER

Turnover represents the amounts derived from the provision of goods and services falling within the Company's ordinary activities after the deduction of trade discounts and value added tax. The company engages in only one class of business and the majority of turnover arises in the United Kingdom.

3 OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2000	1999
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	346,210	324,281
- held under finance lease or hire purchase contracts	14,207	7,801
Audit fees	6,400	6,300
Operating lease rentals:		
- plant & machinery	21,163	19,940
Profit on disposal of fixed assets	(3,444)	(13,346)
	<u> </u>	<u> </u>

4 DIRECTORS' EMOLUMENTS AND BENEFITS

	2000	1999
	£	£
Directors' emoluments	140,720	141,428
Contributions to money purchase pension schemes	12,430	12,050
	<u> </u>	<u> </u>

The numbers of directors who were members of company pension schemes were:

	No	No
Money purchase schemes	2	2
	<u> </u>	<u> </u>

5 STAFF COSTS

Staff costs, including directors' emoluments, were as follows:

	2000	1999
	£	£
Wages and salaries	368,081	365,456
Social security costs	40,259	36,371
Other pension costs	31,831	26,823
	<u> </u>	<u> </u>
	440,171	428,650
	<u> </u>	<u> </u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

5 STAFF COSTS - CONTINUED

The average monthly number of employees, including executive directors, during the year was:

	No.	No.
Sales and distribution	11	12
Administration	6	6
	<u>17</u>	<u>18</u>

6 INTEREST PAYABLE AND SIMILAR ITEMS

	2000 £	1999 £
Bank overdraft	1,273	734
Finance charges under finance lease and hire purchase contracts	1,594	1,364
	<u>2,867</u>	<u>2,098</u>

7 TAXATION

	2000 £	1999 £
Current year taxation		
UK corporation tax at 30.2% (1999 - 30.2%)	(18,498)	17,494

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

8 TANGIBLE FIXED ASSETS

	Freehold land & buildings £	Plant & equipment £	Merchandising equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2000	1,986,202	778,990	271,947	95,704	3,132,843
Additions	23,820	65,064	149,421	12,864	251,169
Disposals	-	(39,483)	(178,172)	(12,673)	(230,328)
At 31 December 2000	2,010,022	804,571	243,196	95,895	3,153,684
Depreciation					
At 1 January 2000	418,999	506,414	132,692	39,488	1,097,593
Charge for year	74,039	108,032	146,402	31,944	360,417
On disposals	-	(39,483)	(178,172)	(11,617)	(229,272)
At 31 December 2000	493,038	574,963	100,922	59,815	1,228,738
Net book amount					
At 31 December 2000	1,516,984	229,608	142,274	36,080	1,924,946
At 31 December 1999	1,567,203	272,576	139,255	56,216	2,035,250

The net book value of assets held under finance lease or hire purchase contracts included above were:

	2000 £	1999 £
Plant & equipment	-	6,416
Motor vehicles	22,946	37,153
	<u>22,946</u>	<u>43,569</u>

9 STOCKS

	2000 £	1999 £
Finished goods and goods for resale	<u>1,271,340</u>	<u>1,279,483</u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

10 DEBTORS

	2000 £	1999 £
Due within one year		
Trade debtors	1,161,663	977,338
Other debtors	39,104	7,706
Prepayments & accrued income	59,920	43,082
	<u>1,260,687</u>	<u>1,028,126</u>

11 CREDITORS:

Amounts falling due within one year

	2000 £	1999 £
Trade creditors	211,385	220,887
Amounts owed to group undertakings	1,308,516	1,071,983
Other tax and social security	217,155	176,196
Net obligations under finance lease and hire purchase contracts (note 13)	10,431	17,649
Other creditors	4,099	378
Accruals and deferred income	192,118	141,148
	<u>1,943,704</u>	<u>1,628,241</u>

12 CREDITORS:

Amounts falling due after more than one year

	2000 £	1999 £
Net obligations under finance lease and hire purchase contracts (note 13)	-	11,066
	<u>-</u>	<u>11,066</u>

13 FINANCE LEASES

Net obligations under finance lease and hire purchase agreements fall due as follows:

	2000 £	1999 £
Due within one year	10,431	17,649
Due within two and five years	-	11,066
	<u>10,431</u>	<u>28,715</u>

Finance lease and hire purchase creditors are secured on the assets concerned.

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

14 SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid No.	£
At 1 January 2000 and 31 December 2000 Ordinary shares of £100 each	4,000,000	30,000	3,000,000

15 RESERVES

Profit and loss account	£
At 1 January 2000	(51,248)
Loss for the year	(251,975)
At 31 December 2000	(303,223)

16 SHAREHOLDERS' FUNDS

	2000 £	1999 £
Shareholders' funds at 1 January 2000	2,948,752	2,966,058
Loss for the year	(251,975)	(17,306)
Shareholders' funds at 31 December 2000	2,696,777	2,948,752

17 GROSS CASH FLOWS

	2000 £	1999 £
Returns on investments and servicing of finance		
Interest received	2,765	3,945
Interest paid	(1,273)	(734)
Interest element of finance lease rentals	(1,594)	(1,364)
	(102)	1,847
Capital expenditure		
Payments to acquire tangible fixed assets	(251,169)	(268,483)
Receipts from sales of tangible fixed assets	4,500	22,161
	(246,669)	(246,322)
Financing		
Hire purchase repayments	(18,284)	(21,259)
	(18,284)	(21,259)

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

18 ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2000 £	Cash flows £	Other changes £	At 31 December 2000 £
Cash at bank and in hand	245,200	(61,692)	-	183,508
Finance leases	(28,715)	18,284	-	(10,431)
Total	<u>216,485</u>	<u>(43,408)</u>	<u>-</u>	<u>173,077</u>

19 OTHER COMMITMENTS

At 31 December 2000 the company had annual commitments under operating leases as follows:

	2000 £	Other 1999 £
Expiry date: Between 2 and 5 years	14,900	14,900

20 DEFERRED TAXATION

There is no potential liability to deferred taxation at 31 December 2000 (1999 £NIL).

21 RELATED PARTY TRANSACTIONS

As Golden Lady (UK) Limited is a subsidiary of Gilfin Spa and the consolidated accounts of Gilfin Spa are publicly available in Italy, advantage has been taken of the exemption offered by Financial Reporting Standard 8 from the requirement to disclose transactions with other group companies.

22 PENSION SCHEME

The company operates money purchase pension schemes for the benefit of directors of the company. The assets of the schemes are held separately from those of the Company, being invested in insurance companies. The Company also contributes to personal pension plans for certain employees. The pension costs charge represents contributions payable by the Company during the year and is disclosed in note 5. Unpaid contributions at the year end amounted to £4,099 (1999: £378).

23 ULTIMATE PARENT AND CONTROLLING PARTY

The ultimate parent Company is Gilfin Spa, a company incorporated in Italy, which is also the ultimate controlling party.