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Registrar's Copy

Company No: 2027951

GOLDEN LADY (UK) LIMITED

Annual Report

Year ended 31 December 2002



PKF
PANNELL HOUSE
159 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 7AN
Bankers	Lloyds TSB Bank 7 High Street Leicester LE1 9FS

GOLDEN LADY (UK) LIMITED

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GOLDEN LADY (UK) LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2002

The directors submit their report and the financial statements for the year ended 31 December 2002.

Results and dividends

The profit for the year, after taxation, amounted to £90,862 (2001 - £54,242).

Principal activity and review of the business

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

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, Nottinghamshire. The directors are satisfied with the level of activity achieved in the year and the resulting profits. The market is showing signs of recovery, and the directors are confident of the future prospects of the company.

Directors

The directors who served during the year were:

Nadia Grassi
Monica Grassi

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.

Fixed assets

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

Status

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

By order of the board


Nadia Grassi
Secretary

2 June 2003

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 and other information included in the annual 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 2002 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under 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 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.

INDEPENDENT AUDITORS' REPORT (continued)

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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Leicester, UK
2 June 2003



PKF
Registered Auditors

GOLDEN LADY (UK) LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 £
TURNOVER	2	4,799,182	5,189,712
Cost of sales		<u>(2,873,242)</u>	<u>(3,138,483)</u>
GROSS PROFIT		1,925,940	2,051,229
Distribution costs		<u>(1,000,120)</u>	<u>(981,746)</u>
Administrative expenses		<u>(759,942)</u>	<u>(978,901)</u>
OPERATING PROFIT	3	165,878	90,582
Interest receivable and similar income		7,569	5,436
Interest payable and similar charges	6	<u>(585)</u>	<u>(1,963)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		172,862	94,055
TAXATION	7	<u>(82,000)</u>	<u>(39,813)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>90,862</u>	<u>54,242</u>

All amounts relate to continuing operations.

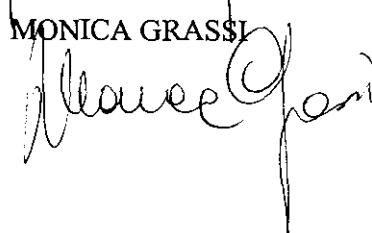
There were no recognised gains or losses for the year other than those included in the profit and loss account.

GOLDEN LADY (UK) LIMITED
BALANCE SHEET
31 DECEMBER 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible	8	1,453,990	1,683,885
CURRENT ASSETS			
Stocks	9	746,601	1,245,488
Debtors	10	914,788	1,609,923
Cash at bank and in hand		807,158	396,560
		<u>2,468,547</u>	<u>3,251,971</u>
CREDITORS: amounts falling due within one year	11	<u>(1,080,656)</u>	<u>(2,183,868)</u>
NET CURRENT ASSETS		<u>1,387,891</u>	<u>1,068,103</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,841,881</u>	<u>2,751,988</u>
CREDITORS: amounts falling due after more than one year	12	-	(969)
NET ASSETS		<u><u>2,841,881</u></u>	<u><u>2,751,019</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	3,000,000	3,000,000
Profit and loss account	15	(158,119)	(248,981)
SHAREHOLDERS' FUNDS	16	<u><u>2,841,881</u></u>	<u><u>2,751,019</u></u>

The financial statements were approved by the board on *2 June 2003*.

Signed on behalf of the board of directors


NADIA GRASSI

MONICA GRASSI

Director

Director

GOLDEN LADY (UK) LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2002

	2002 £	2001 £
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	165,878	90,582
Depreciation of tangible fixed assets	254,394	324,896
Loss on sale of fixed assets	13,872	9,635
Decrease/(increase) in debtors	676,637	(369,842)
Decrease in stocks	498,887	25,852
(Decrease)/increase in creditors	(1,118,518)	206,184
Net cash inflow from operating activities	<u>491,150</u>	<u>287,307</u>
 CASH FLOW STATEMENT (note 17)		
Net cash inflow from operating activities	491,150	287,307
Returns on investments and servicing of finance	6,984	3,473
Taxation	(43,607)	19,604
Capital expenditure	(38,371)	(80,089)
	<u>416,156</u>	<u>230,295</u>
Financing	(5,558)	(17,243)
	<u>410,598</u>	<u>213,052</u>
 Reconciliation of net cash flow to movement in net funds (note 18)		
Increase in cash in the year	410,598	213,052
Decrease in hire purchase financing	5,558	3,862
	<u>416,156</u>	<u>216,914</u>
Change in net funds	416,156	216,914
Net funds at 1 January 2002	<u>389,991</u>	<u>173,077</u>
Net funds at 31 December 2002	<u>806,147</u>	<u>389,991</u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

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

(b) 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.

(c) Tangible fixed assets

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	20-33.3%
Merchandising equipment	50 %
Motor vehicles	33.3 %

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

(d) 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.

(e) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis, and includes all direct costs. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

(f) Foreign currencies

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 the profit and loss account.

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

1 ACCOUNTING POLICIES (continued)

(g) Deferred taxation

Deferred tax is provided using the full provision method at current rates for taxation deferred for all timing differences. Deferred tax balances are not discounted.

The company previously accounted for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

Deferred tax assets are only recognised if there is a reasonable probability that they can be utilised in the foreseeable future.

(h) Pensions

The company operates a defined contribution pension scheme 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.

2 TURNOVER

Turnover represents the amounts derived from the provision of goods and services falling due within the Company's ordinary activities after 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 PROFIT

The operating profit is stated after charging:

	2002 £	2001 £
Depreciation of tangible fixed assets:		
- owned by the company	249,934	321,151
- held under finance lease or hire purchase contracts	4,460	3,745
Audit fees	7,150	6,600
Operating lease rentals:		
- plant & machinery	37,334	22,022
Loss on disposal of fixed assets	13,872	9,635
	<u> </u>	<u> </u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

4 DIRECTORS' EMOLUMENTS AND BENEFITS

	2002	2001
	£	£
Directors' emoluments	4,800	51,685
Contributions to money purchase pension schemes	-	15,199
	<u> </u>	<u> </u>
The number of directors accruing benefits under pension schemes were:		
	No	No
Money purchase schemes	-	2
	<u> </u>	<u> </u>

5 STAFF COSTS

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

	2002	2001
	£	£
Wages and salaries	325,187	329,813
Social security costs	34,871	28,664
Other pension costs	18,303	30,566
	<u>378,361</u>	<u>389,043</u>

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

	No	No
Sales and distribution	11	10
Administration	7	6
	<u>18</u>	<u>16</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£	£
Bank loans and overdrafts	71	343
Finance charges under finance lease and hire purchase contracts	514	1,620
	<u>585</u>	<u>1,963</u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

7 TAXATION

(a) Analysis of charge in year	2002	2001
	£	£
UK corporation tax		
Current tax on income for the year	82,000	38,810
Adjustments in respect of prior periods	-	1,003
	<u>82,000</u>	<u>39,813</u>
Tax on profit on ordinary activities	<u>82,000</u>	<u>39,813</u>

(b) Factors affecting the tax charge for the year

The tax assessed for the year is higher than would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2002	2001
	£	£
Profit on ordinary activities before tax	<u>172,862</u>	<u>94,055</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2001: 30%)	51,859	28,217
Effects of:		
Depreciation in excess of capital allowances	28,568	40,732
Movement in provisions	1,007	(1,305)
Expenses not deductible for tax purposes	566	-
Utilisation of tax losses	-	(27,831)
Current tax charge for the year	<u>82,000</u>	<u>39,813</u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

8 TANGIBLE FIXED ASSETS

	Freehold land & buildings £	Plant, Machinery & Motor vehicles £	Merchandising equipment £	Total £
Cost				
At 1 January 2002	2,010,022	843,539	228,404	3,081,965
Additions	-	21,434	19,435	40,869
Disposals	-	(13,797)	(18,744)	(32,541)
At 31 December 2002	<u>2,010,022</u>	<u>851,176</u>	<u>229,095</u>	<u>3,090,293</u>
Depreciation				
At 1 January 2002	580,556	692,036	125,488	1,398,080
Charge for year	74,883	98,813	80,698	254,394
On disposals	-	(12,266)	(3,905)	(16,171)
At 31 December 2002	<u>655,439</u>	<u>778,583</u>	<u>202,281</u>	<u>1,636,303</u>
Net book amount				
At 31 December 2002	<u>1,354,583</u>	<u>72,593</u>	<u>26,814</u>	<u>1,453,990</u>
At 31 December 2001	<u>1,429,466</u>	<u>151,503</u>	<u>102,916</u>	<u>1,683,885</u>

The net book amounts of motor vehicles above include £5,176 (2001 - £9,636) in respect of assets held under finance leases or hire purchase contracts.

9 STOCKS

	2002 £	2001 £
Finished goods and goods for resale	<u>746,601</u>	<u>1,245,488</u>

10 DEBTORS

	2002 £	2001 £
Due within one year		
Trade debtors	873,880	1,490,147
Other debtors	-	18,498
Prepayments & accrued income	40,908	101,278
	<u>914,788</u>	<u>1,609,923</u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

11 CREDITORS

	2002 £	2001 £
Amounts falling due within one year		
Trade creditors	132,810	192,125
Amounts owed to group undertakings	505,133	1,482,810
Corporation tax	58,705	38,810
Other tax and social security	246,692	235,414
Net obligations under finance lease and hire purchase contracts(note 13)	1,011	5,600
Accruals and deferred income	136,305	229,109
	<u>1,080,656</u>	<u>2,183,868</u>

12 CREDITORS

	2002 £	2001 £
Amounts falling due after more than one year		
Net obligations under finance lease and hire purchase contracts(note 13)	-	969
	<u>-</u>	<u>969</u>

13 FINANCE LEASES

Net obligations under fall due as follows:

	2002 £	2001 £
Within one year	1,011	5,600
Between one and five years	-	969
	<u>1,011</u>	<u>6,569</u>

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

14 SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid No	£
At 1 January 2002 and 31 December 2002			
Ordinary shares of £100 each	4,000,000	30,000	3,000,000
	<u>4,000,000</u>	<u>30,000</u>	<u>3,000,000</u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

15 RESERVES

Profit and loss account	£
At 1 January 2002	(248,981)
Profit for the year	90,862
At 31 December 2002	<u>(158,119)</u>

16 SHAREHOLDERS' FUNDS

	2002 £	2001 £
Shareholders' funds at 1 January 2002	2,751,019	2,696,777
Profit for the year	90,862	54,242
Shareholders' funds at 31 December 2002	<u>2,841,881</u>	<u>2,751,019</u>

17 GROSS CASH FLOWS

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest received	7,569	5,436
Interest paid	(71)	(343)
Interest element of finance lease rentals	(514)	(1,620)
	<u>6,984</u>	<u>3,473</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(40,869)	(104,305)
Receipts from sales of tangible fixed assets	2,498	24,216
	<u>(38,371)</u>	<u>(80,089)</u>
Financing		
Capital element of finance lease rentals	(5,558)	(17,243)
	<u>(5,558)</u>	<u>(17,243)</u>

18 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January 2002 £	Cash flows £	Other changes £	At 31 December 2002 £
Cash at bank and in hand	396,560	410,598	-	807,158
Finance leases	(6,569)	5,558	-	(1,011)
Total	<u>389,991</u>	<u>416,156</u>	<u>-</u>	<u>806,147</u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

19 OTHER COMMITMENTS

At 31 December 2002 the company had annual commitments under operating leases as follows:

	2002	Other 2001
	£	£
Expiry date:		
Between one and five years	18,873	16,073
	<u> </u>	<u> </u>

20 TRANSACTIONS WITH RELATED PARTIES

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.

21 PENSION COSTS

The company operates money purchase pension schemes for the benefit of directors of the company. The assets of the scheme 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 cost charge represents contributions payable by the Company during the year and is disclosed in note 5. Accrued contributions at the year end amounted to £2,644 (2001: £713, prepaid).

22 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

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