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**GOLDEN LADY (UK) LIMITED**

Annual Report

Year ended 31 December 2004

**PKF**  
PANGLOSS HOUSE  
180 CHANCERY STREET  
LONDON EC2A 4EX



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COMPANIES HOUSE

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**PKF**

# **GOLDEN LADY (UK) LIMITED**

## **COMPANY INFORMATION**

|                          |                                                                                                  |
|--------------------------|--------------------------------------------------------------------------------------------------|
| <b>Directors</b>         | Nadia Grassi<br>Monica Grassi                                                                    |
| <b>Secretary</b>         | Nadia Grassi                                                                                     |
| <b>Company Number</b>    | 02027951                                                                                         |
| <b>Registered Office</b> | County Estate<br>Nunn Brook Road<br>Huthwaite, Sutton In Ashfield<br>Nottinghamshire<br>NG17 2HU |
| <b>Auditors</b>          | PKF (UK) LLP<br>Pannell House<br>159 Charles Street<br>Leicester<br>LE1 1LD                      |
| <b>Solicitors</b>        | Bray & Bray<br>1, 3 & 5 Welford Road<br>Leicester<br>LE2 7AN                                     |
| <b>Bankers</b>           | Lloyds TSB Bank<br>7 High Street<br>Leicester<br>LE1 9FS                                         |

# **GOLDEN LADY (UK) LIMITED**

## **CONTENTS**

|                                          | <b>Page</b> |
|------------------------------------------|-------------|
| DIRECTORS' REPORT                        | 1           |
| STATEMENT OF DIRECTORS' RESPONSIBILITIES | 2           |
| INDEPENDENT AUDITORS' REPORT             | 3 - 4       |
| PROFIT AND LOSS ACCOUNT                  | 5           |
| BALANCE SHEET                            | 6           |
| NOTES TO THE FINANCIAL STATEMENTS        | 7 - 10      |

**GOLDEN LADY (UK) LIMITED**  
**DIRECTORS' REPORT**  
**YEAR ENDED 31 DECEMBER 2004**

The directors submit their report and the financial statements for the year ended 31 December 2004.

**Principal activity**

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.

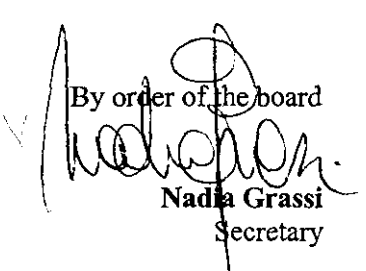
**Fixed assets**

Details of fixed assets are shown in note 6 to the financial statements.

**Basis of preparation**

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board

  
Nadia Grassi  
Secretary

26 May 2005

**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 judgments 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 MEMBERS OF  
GOLDEN LADY (UK) LIMITED**

We have audited the financial statements of Golden Lady (UK) Limited for the year ended 31 December 2004 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.

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 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. 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 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 TO THE MEMBERS OF  
GOLDEN LADY (UK) LIMITED (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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PKF (UK) LLP*

**PKF (UK) LLP**  
Registered Auditors

Leicester, UK  
9 June 2005

**GOLDEN LADY (UK) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2004**

|                                                          | Notes    | 2004<br>£             | 2003<br>£             |
|----------------------------------------------------------|----------|-----------------------|-----------------------|
| <b>TURNOVER</b>                                          | <b>2</b> | <b>4,507,257</b>      | <b>4,268,960</b>      |
| Cost of sales                                            |          | <u>(2,824,244)</u>    | <u>(2,473,438)</u>    |
| <b>GROSS PROFIT</b>                                      |          | <b>1,683,013</b>      | <b>1,795,522</b>      |
| Distribution costs                                       |          | (743,618)             | (898,204)             |
| Administrative expenses                                  |          | <u>(580,358)</u>      | <u>(669,305)</u>      |
| <b>OPERATING PROFIT</b>                                  | <b>3</b> | <b>359,037</b>        | <b>228,013</b>        |
| Interest receivable and similar income                   |          | 16,461                | 11,839                |
| Interest payable and similar charges                     |          | -                     | (30)                  |
| <b>PROFIT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b> |          | <b>375,498</b>        | <b>239,822</b>        |
| <b>TAXATION</b>                                          | <b>5</b> | <b>(131,829)</b>      | <b>(81,537)</b>       |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>                     |          | <b><u>243,669</u></b> | <b><u>158,285</u></b> |

# GOLDEN LADY (UK) LIMITED

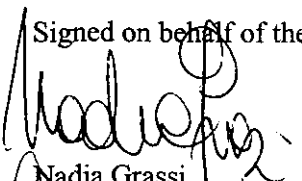
## BALANCE SHEET 31 DECEMBER 2004

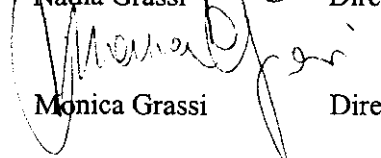
|                                                       | Notes | 2004<br>£        | 2003<br>£        |
|-------------------------------------------------------|-------|------------------|------------------|
| <b>FIXED ASSETS</b>                                   |       |                  |                  |
| Tangible                                              | 6     | 1,250,593        | 1,355,039        |
| <b>CURRENT ASSETS</b>                                 |       |                  |                  |
| Stocks                                                |       | 595,752          | 960,914          |
| Debtors                                               | 7     | 1,075,826        | 791,530          |
| Cash at bank and in hand                              |       | 818,480          | 479,004          |
|                                                       |       | <u>2,490,058</u> | <u>2,231,448</u> |
| <b>CREDITORS: amounts falling due within one year</b> | 8     | (496,816)        | (586,321)        |
| <b>NET CURRENT ASSETS</b>                             |       | <u>1,993,242</u> | <u>1,645,127</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |       | <u>3,243,835</u> | <u>3,000,166</u> |
| <b>CAPITAL AND RESERVES</b>                           |       |                  |                  |
| Called up share capital                               | 9     | 3,000,000        | 3,000,000        |
| Profit and loss account                               | 10    | 243,835          | 166              |
|                                                       |       | <u>3,243,835</u> | <u>3,000,166</u> |

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

The financial statements were approved by the board on 26 May 2005

Signed on behalf of the board of directors

 Nadia Grassi Director

 Monica Grassi Director

**GOLDEN LADY (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2004**

**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 the Financial Reporting Standard for Smaller Entities (effective June 2002).

**(b) Turnover**

Turnover represents the amounts derived from the provision of goods falling within the Company's ordinary activities after the deduction of trade discounts and value added tax. Turnover is recognised at the point of dispatch.

**(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 exchange differences are taken to the profit and loss account.

**(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.

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

**GOLDEN LADY (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2004**

**1 ACCOUNTING POLICIES (continued)**

**(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**

The company engages in only one class of business and all of the turnover arises in the United Kingdom.

**3 OPERATING PROFIT**

The operating profit is stated after charging:

|                                        | 2004<br>£      | 2003<br>£      |
|----------------------------------------|----------------|----------------|
| Depreciation of tangible fixed assets: |                |                |
| - owned by the company                 | 132,954        | 161,892        |
| Audit fees                             | 7,700          | 7,250          |
| Operating lease rentals:               | -              | -              |
| - plant & machinery                    | 18,913         | 25,939         |
| Profit on disposal of fixed assets     | (1,768)        | (5,670)        |
|                                        | <u>132,954</u> | <u>161,892</u> |

**4 DIRECTORS' EMOLUMENTS AND BENEFITS**

|                                                                                                                    | 2004<br>£    | 2003<br>£    |
|--------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Aggregate of directors' emoluments and other benefits as defined in paragraph 1 of Sch 6 to the Companies Act 1985 | 4,800        | 4,800        |
|                                                                                                                    | <u>4,800</u> | <u>4,800</u> |

No directors (2003 - none) were members of company pension schemes.

**5 TAXATION**

|                                            | 2004<br>£      | 2003<br>£     |
|--------------------------------------------|----------------|---------------|
| <b>Current year taxation</b>               |                |               |
| UK corporation tax                         | 131,829        | 89,032        |
| Adjustments in respect of previous periods | -              | (7,495)       |
| Total UK taxation                          | <u>131,829</u> | <u>81,537</u> |

**GOLDEN LADY (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2004**

**6 TANGIBLE FIXED ASSETS**

|                        | Freehold<br>land &<br>buildings<br>£ | Plant, Machinery<br>Motor vehicles<br>& Merchandising<br>Equipment<br>£ | Total<br>£       |
|------------------------|--------------------------------------|-------------------------------------------------------------------------|------------------|
| <b>Cost</b>            |                                      |                                                                         |                  |
| At 1 January 2004      | 2,010,022                            | 1,120,096                                                               | 3,130,118        |
| Additions              | -                                    | 29,408                                                                  | 29,408           |
| Disposals              | -                                    | (14,375)                                                                | (14,375)         |
| At 31 December 2004    | <u>2,010,022</u>                     | <u>1,135,129</u>                                                        | <u>3,145,151</u> |
| <b>Depreciation</b>    |                                      |                                                                         |                  |
| At 1 January 2004      | 730,223                              | 1,044,856                                                               | 1,775,079        |
| Charge for the year    | 74,784                               | 58,170                                                                  | 132,954          |
| On disposals           | -                                    | (13,475)                                                                | (13,475)         |
| At 31 December 2004    | <u>805,007</u>                       | <u>1,089,551</u>                                                        | <u>1,894,558</u> |
| <b>Net book amount</b> |                                      |                                                                         |                  |
| At 31 December 2004    | <u>1,205,015</u>                     | <u>45,578</u>                                                           | <u>1,250,593</u> |
| At 31 December 2003    | <u>1,279,799</u>                     | <u>75,240</u>                                                           | <u>1,355,039</u> |

**7 DEBTORS**

|                                    | 2004<br>£        | 2003<br>£      |
|------------------------------------|------------------|----------------|
| Trade debtors                      | 621,107          | 749,063        |
| Amounts owed by group undertakings | 414,772          | -              |
| Other debtors                      | 39,947           | 42,467         |
|                                    | <u>1,075,826</u> | <u>791,530</u> |

**8 CREDITORS:**

**Amounts falling due within one year**

|                                    | 2004<br>£      | 2003<br>£      |
|------------------------------------|----------------|----------------|
| Trade creditors                    | 44,361         | 131,690        |
| Amounts owed to group undertakings | -              | 2,013          |
| Corporation tax                    | 95,661         | 58,124         |
| Other tax and social security      | 175,963        | 254,369        |
| Other creditors                    | 180,831        | 140,125        |
|                                    | <u>496,816</u> | <u>586,321</u> |

**GOLDEN LADY (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2004**

**9 SHARE CAPITAL**

|                                                                           | Authorised<br>£  | Allotted, called up and<br>fully paid<br>No | £                |
|---------------------------------------------------------------------------|------------------|---------------------------------------------|------------------|
| At 1 January 2004<br>and 31 December 2004<br>Ordinary shares of £100 each | <u>4,000,000</u> | <u>30,000</u>                               | <u>3,000,000</u> |

**10 RESERVES**

|                                |                |
|--------------------------------|----------------|
| <b>Profit and loss account</b> | <b>£</b>       |
| At 1 January 2004              | 166            |
| Profit for the year            | <u>243,669</u> |
| At 31 December 2004            | <u>243,835</u> |

**11 OTHER COMMITMENTS**

At 31 December 2004 the company had annual commitments under operating leases as follows:

|                            | 2004<br>£    | 2003<br>£     |
|----------------------------|--------------|---------------|
| <b>Expiry date:</b>        |              |               |
| Within one year            | 8,922        | -             |
| Between one and five years | <u>9,305</u> | <u>11,444</u> |

**12 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.

**13 PENSION COSTS**

The Company contributes to personal pension plans for certain employees. The pension cost charge amounting to **£14,466** (2003: £17,741) represents contributions payable by the Company during the year. Accrued contributions at the year end amounted to **£1,444** (2003: £1,753).

**14 PARENT UNDERTAKINGS AND CONTROLLING PARTIES**

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