

## Golden Lady (UK) Limited

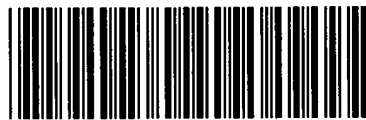
Report and Financial Statements

Year Ended

31 December 2016

Company Number 02027951

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# Golden Lady (UK) Limited

## Company Information

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|----------------------------|----------------------------------------------------------------------------------------------------|
| <b>Directors</b>           | N Grassi<br>M Grassi (resigned 31 May 2016)<br>C A Hetherington<br>C Bosi                          |
| <b>Company secretary</b>   | C A Hetherington                                                                                   |
| <b>Registered number</b>   | 02027951                                                                                           |
| <b>Registered office</b>   | County Estate<br>Nunn Brook Road<br>Huthwaite<br>Sutton In Ashfield<br>Nottinghamshire<br>NG17 2HU |
| <b>Independent auditor</b> | BDO LLP<br>Pannell House<br>159 Charles Street<br>Leicester<br>LE1 1LD                             |
| <b>Bankers</b>             | Lloyds Bank<br>7 High Street<br>Leicester<br>LE1 9FS                                               |
| <b>Solicitors</b>          | Bray & Bray<br>Spa Place<br>36-42 Humberstone Gate<br>Leicester<br>LE5 0AE                         |

# Golden Lady (UK) Limited

## Strategic report For the Year Ended 31 December 2016

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### Introduction

The directors are pleased to present their strategic report for the year ended 31 December 2016.

### Business review

The principal activity of the company is the sale, marketing and distribution of ladies tights, stockings and socks.

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.

The company has made a loss after tax of £1,923 in the year (2015 – profit of £105,588).

The directors consider that the company has a very good product range and are confident of the future prospects of the company.

At the year end the company was in a strong financial position, with adequate cash reserves.

Due to a group restructure at parent company level, as of 30 June 2017, the company's new parent company is ENGIFIN S.p.A, as described in notes 20 and 21 to the financial statements.

### Principal risks and uncertainties

The directors consider that the business faces no specific risks, but is exposed to general risks associated with the hosiery and clothing sectors and with the demands of dealing with high street retailers. These risks are mitigated by having a quality product range and ensuring that quality standards and customers terms are maintained.

In terms of Brexit, Golden Lady (UK) Limited is exposed to the same risks as most British businesses in the retail sector, being market volatility, changes in interest rates and the possibility of reduced demand due to price rises.

Specifically, the impact of Brexit is not considered to be significant at the moment. Our exposure to movements in exchange rates is mitigated as our purchasing and sales are all conducted in Pounds Sterling. Furthermore, although our parent company is based in Europe, the relationship with them remains strong and at this early stage there is no indication of a change in the framework of our relationship.

Considerable emphasis is devoted to maintaining service levels with customers and working closely with suppliers on logistical and quality issues to ensure that high levels of performance are achieved.

Staff are encouraged to fully contribute to the business as the directors recognise that the future success of the business depends on the retention and dedication of key employees.

# Golden Lady (UK) Limited

Strategic report  
For the Year Ended 31 December 2016

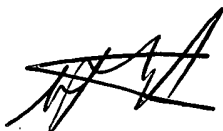
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## Financial key performance indicators

The company has made an operating profit in the year of £15,484 (2015 - £151,099) which has been achieved against an economic background that is challenging and competitive.

The key performance measures are the maintenance of margins and profitability and a strong net current asset position. Due to market conditions, margins have declined resulting in lower profitability. The net current asset position has improved compared to last year.

This report was approved by the board on 10/08/2017 and signed on its behalf.



**C A Hetherington**  
Director

# Golden Lady (UK) Limited

## Directors' report For the Year Ended 31 December 2016

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The directors present their report and the financial statements for the year ended 31 December 2016.

### Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.

### Results

The loss for the year, after taxation, amounted to £1,923 (2015 -profit £105,588).

No dividends were paid this year (2015 - £NIL).

### Directors

The directors who served during the year were:

N Grassi  
M Grassi (resigned 31 May 2016)  
C A Hetherington  
C Bosi

### Financial instruments

The company does not actively use financial instruments as part of its financial risk management, therefore, only basic financial instruments are used such as cash and various items arising directly from operations (such as trade debtors and trade creditors). The use of these basic financial instruments is managed by design and implementation of group-wide policies and procedures covering working capital management, credit control and cash management. Liquidity risk is minimal given the group's healthy cash balance and credit checks are implemented when new customers are taken on thereby ensuring any credit risk is effectively managed.

## Golden Lady (UK) Limited

### Directors' report (continued) For the Year Ended 31 December 2016

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#### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

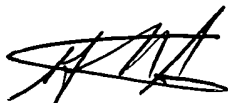
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### Post balance sheet events

Since the year end, on 1 January 2017, as part of a group restructure at parent company level, the entire shareholding in the company was transferred to Gilfin 2 S.p.A, another subsidiary of ENGIFIN S.p.A. incorporated in Italy.

Effective from 30 June 2017, due to the merger of Gilfin 2 S.p.A. and ENGIFIN S.p.A, the entire shareholding in the company is now owned by ENGIFIN S.p.A. (formerly Gilfin 2 S.p.A.).

This report was approved by the board on 10/08/2017 and signed on its behalf.



**C A Hetherington**  
Director

# Golden Lady (UK) Limited

## Independent Auditor's Report to the Members of Golden Lady (UK) Limited

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We have audited the financial statements of Golden Lady (UK) Limited for the year ended 31 December 2016 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

## Golden Lady (UK) Limited

### Independent Auditor's Report to the Members of Golden Lady (UK) Limited

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#### Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Richard Wilson** (Senior statutory auditor)  
for and on behalf of BDO LLP, Statutory auditor  
Nottingham  
United Kingdom

19/03/2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Golden Lady (UK) Limited

## Statement of comprehensive income For the Year Ended 31 December 2016

|                                                      | Note | 2016<br>£        | 2015<br>£        |
|------------------------------------------------------|------|------------------|------------------|
| Turnover                                             | 3    | 11,311,897       | 14,163,448       |
| Cost of sales                                        |      | (10,203,624)     | (12,858,387)     |
| <b>Gross profit</b>                                  |      | <b>1,108,273</b> | <b>1,305,061</b> |
| Distribution costs                                   |      | (502,886)        | (526,405)        |
| Administrative expenses                              |      | (589,903)        | (627,557)        |
| <b>Operating profit</b>                              | 4    | <b>15,484</b>    | <b>151,099</b>   |
| Interest receivable and similar income               | 7    | 564              | 555              |
| Interest payable and similar charges                 | 8    | -                | (81)             |
| <b>Profit on ordinary activities before taxation</b> |      | <b>16,048</b>    | <b>151,573</b>   |
| Taxation on profit on ordinary activities            | 9    | (17,971)         | (45,985)         |
| <b>(Loss)/profit for the financial year</b>          |      | <b>(1,923)</b>   | <b>105,588</b>   |
| <b>Total comprehensive income for the year</b>       |      | <b>(1,923)</b>   | <b>105,588</b>   |

The notes on pages 11 to 23 form part of these financial statements.

# Golden Lady (UK) Limited

Registered number:02027951

## Balance sheet As at 31 December 2016

|                                                | Note | 2016<br>£               | 2015<br>£               |
|------------------------------------------------|------|-------------------------|-------------------------|
| <b>Fixed assets</b>                            |      |                         |                         |
| Tangible assets                                | 10   | 342,301                 | 462,806                 |
|                                                |      | <u>342,301</u>          | <u>462,806</u>          |
| <b>Current assets</b>                          |      |                         |                         |
| Stocks                                         | 11   | 858,399                 | 990,333                 |
| Debtors: Amounts falling due within one year   | 12   | 4,051,932               | 5,142,139               |
| Cash at bank and in hand                       | 13   | 2,091,987               | 1,886,721               |
|                                                |      | <u>7,002,318</u>        | <u>8,019,193</u>        |
| Creditors: Amounts falling due within one year | 14   | (3,143,676)             | (4,274,270)             |
| <b>Net current assets</b>                      |      | <u>3,858,642</u>        | <u>3,744,923</u>        |
| <b>Total assets less current liabilities</b>   |      | <u>4,200,943</u>        | <u>4,207,729</u>        |
| <b>Provisions for liabilities</b>              |      |                         |                         |
| Deferred tax                                   | 16   | (1,768)                 | (6,631)                 |
|                                                |      | <u>(1,768)</u>          | <u>(6,631)</u>          |
| <b>Net assets</b>                              |      | <u><u>4,199,175</u></u> | <u><u>4,201,098</u></u> |
| <b>Capital and reserves</b>                    |      |                         |                         |
| Called up share capital                        | 17   | 3,000,000               | 3,000,000               |
| Profit and loss account                        |      | 1,199,175               | 1,201,098               |
|                                                |      | <u><u>4,199,175</u></u> | <u><u>4,201,098</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

10/08/2017



**C A Hetherington**  
Director



**C Bosi**  
Director

The notes on pages 12 to 24 form part of these financial statements.

## Golden Lady (UK) Limited

### Statement of changes in equity For the Year Ended 31 December 2016

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|                            | Called up<br>share capital | Profit and<br>loss account | Total equity     |
|----------------------------|----------------------------|----------------------------|------------------|
|                            | £                          | £                          | £                |
| At 1 January 2016          | 3,000,000                  | 1,201,098                  | 4,201,098        |
| Loss for the year          | -                          | (1,923)                    | (1,923)          |
| <b>At 31 December 2016</b> | <b>3,000,000</b>           | <b>1,199,175</b>           | <b>4,199,175</b> |

## Golden Lady (UK) Limited

### Statement of changes in equity For the Year Ended 31 December 2015

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|                     | Called up<br>share capital | Profit and<br>loss account | Total equity     |
|---------------------|----------------------------|----------------------------|------------------|
|                     | £                          | £                          | £                |
| At 1 January 2015   | 3,000,000                  | 1,095,510                  | 4,095,510        |
| Profit for the year | -                          | 105,588                    | 105,588          |
| At 31 December 2015 | <u>3,000,000</u>           | <u>1,201,098</u>           | <u>4,201,098</u> |

The notes on pages 12 to 24 form part of these financial statements.

# Golden Lady (UK) Limited

## Statement of cash flows For the Year Ended 31 December 2016

|                                                               | 2016<br>£        | 2015<br>£        |
|---------------------------------------------------------------|------------------|------------------|
| <b>Cash flows from operating activities</b>                   |                  |                  |
| Profit for the financial year                                 | (1,923)          | 105,588          |
| <b>Adjustments for:</b>                                       |                  |                  |
| Depreciation of tangibles                                     | 122,052          | 138,926          |
| Loss on disposal of tangibles                                 | 40               | (774)            |
| Decrease in stocks                                            | 131,934          | 637,694          |
| Interest paid                                                 | -                | 81               |
| Interest received                                             | (564)            | (555)            |
| Taxation Payable                                              | 17,971           | 45,985           |
| Decrease in debtors                                           | 1,093,373        | 268,417          |
| Decrease in creditors                                         | (131,284)        | (278,524)        |
| Decrease in amounts owed to groups                            | (1,003,493)      | (1,142,275)      |
| Corporation tax paid                                          | (26,000)         | (45,831)         |
| <b>Net cash generated from operating activities</b>           | <b>202,106</b>   | <b>(271,268)</b> |
| <b>Cash flows from investing activities</b>                   |                  |                  |
| Purchase of tangible fixed assets                             | (1,586)          | (55,231)         |
| Sale of tangible fixed assets                                 | -                | 2,001            |
| Interest received                                             | 564              | 555              |
| <b>Net cash from investing activities</b>                     | <b>(1,022)</b>   | <b>(52,675)</b>  |
| <b>Cash flows from financing activities</b>                   |                  |                  |
| Interest paid                                                 | -                | (81)             |
| <b>Net cash used in financing activities</b>                  | <b>-</b>         | <b>(81)</b>      |
| <b>Net increase / (decrease) in cash and cash equivalents</b> | <b>201,084</b>   | <b>(324,024)</b> |
| Cash and cash equivalents at beginning of year                | 1,886,721        | 2,210,745        |
| <b>Cash and cash equivalents at the end of year</b>           | <b>2,087,805</b> | <b>1,886,721</b> |
| Cash at bank and in hand                                      | 2,091,987        | 1,886,721        |
| Bank overdrafts                                               | (4,182)          | -                |
|                                                               | <b>2,087,805</b> | <b>1,886,721</b> |

# Golden Lady (UK) Limited

## Notes to the financial statements For the Year Ended 31 December 2016

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### 1. General information

Golden Lady (UK) Limited is a private company limited by shares, incorporated in England & Wales under the Companies Act. Its registered office and principal place of business is given on the contents page. A description of the nature of the Company's operations and its principal activities are set out in the strategic report.

The functional currency of the Company is Pound Sterling.

A summary of the principal accounting policies adopted, which have been applied consistently, judgements and key sources of estimation uncertainty, is set out below.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company accounting policies.

The following principal accounting policies have been applied:

#### 2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

# Golden Lady (UK) Limited

## Notes to the financial statements For the Year Ended 31 December 2016

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### 2. Accounting policies (continued)

#### 2.3 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

|                         |                        |
|-------------------------|------------------------|
| Freehold property       | - 4% straight line     |
| Leasehold improvements  | - 10% straight line    |
| Plant and machinery     | - 20-33% straight line |
| Motor vehicles          | - 33.3% straight line  |
| Merchandising equipment | - 25-50% straight line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

#### 2.4 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### 2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

#### 2.7 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash

# Golden Lady (UK) Limited

## Notes to the financial statements For the Year Ended 31 December 2016

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### 2. Accounting policies (continued)

#### 2.7 Financial instruments (continued)

flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

#### 2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

# Golden Lady (UK) Limited

## Notes to the financial statements For the Year Ended 31 December 2016

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### 2. Accounting policies (continued)

#### 2.9 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

#### 2.10 Pensions

##### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

#### 2.11 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

# Golden Lady (UK) Limited

## Notes to the financial statements For the Year Ended 31 December 2016

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### 2. Accounting policies (continued)

#### 2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### 3. Turnover

All turnover arose within the United Kingdom.

All turnover arose from a single activity being the principal activity disclosed in the strategic report.

# Golden Lady (UK) Limited

## Notes to the financial statements For the Year Ended 31 December 2016

### 4. Operating profit

The operating profit is stated after charging:

|                                                                                                         | 2016<br>£      | 2015<br>£      |
|---------------------------------------------------------------------------------------------------------|----------------|----------------|
| Depreciation of tangible fixed assets                                                                   | 122,052        | 138,926        |
| Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts | 11,300         | 11,898         |
|                                                                                                         | <u>133,352</u> | <u>150,824</u> |

### 5. Employees

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

|                                     | 2016<br>£      | 2015<br>£      |
|-------------------------------------|----------------|----------------|
| Wages and salaries                  | 397,682        | 415,452        |
| Social security costs               | 36,496         | 40,281         |
| Cost of defined contribution scheme | 24,223         | 23,453         |
|                                     | <u>458,401</u> | <u>479,186</u> |

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

|                        | 2016<br>No. | 2015<br>No. |
|------------------------|-------------|-------------|
| Sales and distribution | 12          | 13          |
| Administration         | 4           | 4           |
|                        | <u>16</u>   | <u>17</u>   |

### 6. Directors' remuneration

|                                                               | 2016<br>£      | 2015<br>£      |
|---------------------------------------------------------------|----------------|----------------|
| Directors' emoluments                                         | 166,413        | 164,903        |
| Company contributions to defined contribution pension schemes | 13,745         | 13,496         |
|                                                               | <u>180,158</u> | <u>178,399</u> |

During the year retirement benefits were accruing to 2 directors (2015 -2) in respect of defined contribution pension schemes.

# Golden Lady (UK) Limited

## Notes to the financial statements For the Year Ended 31 December 2016

### 7. Interest receivable

|                           | 2016<br>£  | 2015<br>£  |
|---------------------------|------------|------------|
| Other interest receivable | 564        | 555        |
|                           | <u>564</u> | <u>555</u> |

### 8. Interest payable and similar charges

|                        | 2016<br>£ | 2015<br>£ |
|------------------------|-----------|-----------|
| Other interest payable | -         | 81        |
|                        | <u>-</u>  | <u>81</u> |

### 9. Taxation

|                                                  | 2016<br>£      | 2015<br>£     |
|--------------------------------------------------|----------------|---------------|
| Current tax on profits for the year              | 22,834         | 42,177        |
|                                                  | <u>22,834</u>  | <u>42,177</u> |
| <b>Total current tax</b>                         | <u>22,834</u>  | <u>42,177</u> |
| <b>Deferred tax</b>                              |                |               |
| Origination and reversal of timing differences   | (4,863)        | 3,808         |
| <b>Total deferred tax</b>                        | <u>(4,863)</u> | <u>3,808</u>  |
| <b>Taxation on profit on ordinary activities</b> | <u>17,971</u>  | <u>45,985</u> |

# Golden Lady (UK) Limited

## Notes to the financial statements For the Year Ended 31 December 2016

### 9. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 -higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

|                                                                                                           | 2016<br>£     | 2015<br>£      |
|-----------------------------------------------------------------------------------------------------------|---------------|----------------|
| Profit on ordinary activities before tax                                                                  | <u>16,048</u> | <u>151,573</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 -20%) | 3,210         | 30,315         |
| <b>Effects of:</b>                                                                                        |               |                |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment                 | 143           | 107            |
| Depreciation on ineligible assets                                                                         | 14,931        | 14,708         |
| Changes in provisions leading to a movement in the tax charge                                             | (313)         | 855            |
| <b>Total tax charge for the year</b>                                                                      | <u>17,971</u> | <u>45,985</u>  |

#### Factors that may affect future tax charges

The Finance (No.2) Act 2015 enacted the corporation tax rate to reduce from the current rate of 20% to 19% from 1 April 2017 with a further reduction to 18% from April 2020. On 24 March 2016, the Chancellor of the Exchequer announced that legislation would be introduced in Finance Act 2016 to reduce the rate of corporation tax to 17% from 1 April 2020, superseding the 18% rate effective from that date introduced in Finance (No.2) Act 2015. These changes to the future tax rate were substantively enacted at the balance sheet date.

# Golden Lady (UK) Limited

## Notes to the financial statements For the Year Ended 31 December 2016

### 10. Tangible fixed assets

|                                          | Freehold<br>land and<br>buildings<br>£ | Plant,<br>machinery,<br>motor<br>vehicles and<br>merchand-<br>ising<br>equipment<br>£ | Total<br>£ |
|------------------------------------------|----------------------------------------|---------------------------------------------------------------------------------------|------------|
| <b>Cost or valuation</b>                 |                                        |                                                                                       |            |
| At 1 January 2016                        | 2,004,944                              | 841,696                                                                               | 2,846,640  |
| Additions                                | -                                      | 1,586                                                                                 | 1,586      |
| Disposals                                | -                                      | (7,296)                                                                               | (7,296)    |
| At 31 December 2016                      | 2,004,944                              | 835,986                                                                               | 2,840,930  |
| <b>Depreciation</b>                      |                                        |                                                                                       |            |
| At 1 January 2016                        | 1,623,528                              | 760,305                                                                               | 2,383,833  |
| Charge for the period on<br>owned assets | 74,651                                 | 47,401                                                                                | 122,052    |
| Disposals                                | -                                      | (7,256)                                                                               | (7,256)    |
| At 31 December 2016                      | 1,698,179                              | 800,450                                                                               | 2,498,629  |
| <b>Net book value</b>                    |                                        |                                                                                       |            |
| At 31 December 2016                      | 306,765                                | 35,536                                                                                | 342,301    |
| At 31 December 2015                      | 381,416                                | 81,390                                                                                | 462,806    |

Included in freehold land and buildings is freehold land at cost of £141,633 (2015 - £141,633) which is not depreciated.

# Golden Lady (UK) Limited

## Notes to the financial statements For the Year Ended 31 December 2016

### 11. Stocks

|                                     | 2016<br>£      | 2015<br>£      |
|-------------------------------------|----------------|----------------|
| Finished goods and goods for resale | 858,399        | 990,333        |
|                                     | <u>858,399</u> | <u>990,333</u> |

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £10,177,647 (2016: £12,839,053).

### 12. Debtors

|                            | 2016<br>£        | 2015<br>£        |
|----------------------------|------------------|------------------|
| <b>Due within one year</b> |                  |                  |
| Trade debtors              | 4,018,229        | 5,110,621        |
| Other debtors              | 33,703           | 31,518           |
|                            | <u>4,051,932</u> | <u>5,142,139</u> |

### 13. Cash and cash equivalents

|                          | 2016<br>£        | 2015<br>£        |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | 2,091,987        | 1,886,721        |
| Less: bank overdrafts    | (4,182)          | -                |
|                          | <u>2,087,805</u> | <u>1,886,721</u> |

# Golden Lady (UK) Limited

## Notes to the financial statements For the Year Ended 31 December 2016

### 14. Creditors: Amounts falling due within one year

|                                    | 2016<br>£        | 2015<br>£        |
|------------------------------------|------------------|------------------|
| Bank overdrafts                    | 4,182            | -                |
| Trade creditors                    | 41,274           | 60,257           |
| Amounts owed to group undertakings | 2,354,829        | 3,358,322        |
| Taxation and social security       | 676,880          | 770,051          |
| Other creditors                    | 66,511           | 85,640           |
|                                    | <u>3,143,676</u> | <u>4,274,270</u> |

### 15. Financial instruments

|                                                                       | 2016<br>£          | 2015<br>£          |
|-----------------------------------------------------------------------|--------------------|--------------------|
| <b>Financial assets</b>                                               |                    |                    |
| Financial assets that are debt instruments measured at amortised cost | 6,143,919          | 7,028,860          |
|                                                                       | <u>6,143,919</u>   | <u>7,028,860</u>   |
| <b>Financial liabilities</b>                                          |                    |                    |
| Financial liabilities measured at amortised cost                      | (2,466,797)        | (3,504,219)        |
|                                                                       | <u>(2,466,797)</u> | <u>(3,504,219)</u> |

Financial assets measured at amortised cost comprise cash, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise bank overdrafts, trade creditors, other creditors and accruals.

### 16. Deferred taxation

|                               | 2016<br>£      |
|-------------------------------|----------------|
| At beginning of year          | (6,631)        |
| Charged to the profit or loss | 4,863          |
| <b>At end of year</b>         | <u>(1,768)</u> |

# Golden Lady (UK) Limited

## Notes to the financial statements For the Year Ended 31 December 2016

### 16. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

|                                | 2016<br>£      |
|--------------------------------|----------------|
| Accelerated capital allowances | (1,768)        |
|                                | <u>(1,768)</u> |

### 17. Share capital

|                                           | 2016<br>£        | 2015<br>£        |
|-------------------------------------------|------------------|------------------|
| <b>Shares classified as equity</b>        |                  |                  |
| <b>Allotted, called up and fully paid</b> |                  |                  |
| 30,000 Ordinary shares of £100 each       | <u>3,000,000</u> | <u>3,000,000</u> |

### 18. Pension commitments

The company contributes to personal pension plans for certain employees. The pension cost charge amounting to £24,223 (2015 - £23,453) represents contributions payable by the company during the year. Accrued contributions at the year end amounted to £NIL (2015 - £2,404).

### 19. Related party transactions

Golden Lady (UK) Limited was a wholly owned sub-subsidiary of ENGIFIN S.p.A throughout the financial year up to and including 31 December 2016. Consolidated accounts of ENGIFIN S.p.A. are publicly available in Italy. Therefore, advantage has been taken of the exemption offered by Financial Reporting Standard 102 (Section 33) from the requirement to disclose transactions with other group companies.

Key management personnel are considered to be the directors' of the company. Their remuneration is stated in Note 6 to the accounts.

Pension commitments made during the period are stated in Note 19 to the accounts.

### 20. Post balance sheet events

Since the year end, on 1 January 2017, as part of a group restructure at parent company level, the entire shareholding in the company was transferred to Gilfin 2 S.p.A, another subsidiary of ENGIFIN S.p.A. incorporated in Italy.

Effective from 30 June 2017, due to the merger of Gilfin 2 S.p.A. and ENGIFIN S.p.A, the entire shareholding in the company is now owned by ENGIFIN S.p.A. (formerly Gilfin 2 S.p.A.).

## **Golden Lady (UK) Limited**

### **Notes to the financial statements For the Year Ended 31 December 2016**

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#### **21. Controlling party**

Throughout the financial year up to and including 31 December 2016, the company was a wholly owned subsidiary of Gilfin S.p.A, a company incorporated in Italy. The ultimate parent company was ENGIFIN S.p.A, a company also incorporated in Italy.

On 1 January 2017, the company became a wholly owned subsidiary of Gilfin 2 S.p.A, a company incorporated in Italy. The ultimate parent company was still ENGIFIN S.p.A.

Effective from 30 June 2017, the company is now a wholly owned subsidiary of ENGIFIN S.p.A, which is also the ultimate parent company.

The parent undertaking of the smallest and largest group for which consolidated accounts are prepared is ENGIFIN S.p.A. Consolidated accounts are available from Camera di Commercio Industria e Artigianato of Mantova, Via Pietro Fortunato Calvi, 28 - 46100 Mantova, Italy.

The company's ultimate controlling party is Nadia Grassi.