

Golden Lady (UK) Limited

Annual Report and Financial Statements

Year Ended

31 December 2017

Company Number 02027951



Golden Lady (UK) Limited

Company Information

Directors	N Grassi C A Hetherington C Bosi
Company secretary	C A Hetherington
Registered number	02027951
Registered office	County Estate Nunn Brook Road Huthwaite Sutton In Ashfield Nottinghamshire NG17 2HU
Independent auditor	BDO LLP Regent House Clinton Avenue Nottingham NG5 1AZ
Bankers	Lloyds Bank 7 High Street Leicester LE1 9FS
Solicitors	Bray & Bray Spa Place 36-42 Humberstone Gate Leicester LE5 0AE

Golden Lady (UK) Limited

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Golden Lady (UK) Limited

Strategic Report For the year ended 31 December 2017

Introduction

The directors are pleased to present their strategic report for the year ended 31 December 2017.

Business review

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

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 note 20 to the financial statements.

During the year, the company embarked on an exercise to streamline certain operations of the business in order to ensure that the company is best placed to meet the changing demands of the market place. This is expected to result in a reduction of labour and overhead costs in 2018. Despite that, some of the costs of this exercise have been incurred in 2017 contributing to the loss before tax of £258,181 (2016 - profit of £16,048). The changes will ensure that the company's product offering continues to meet the demands of its customers and positions the company well for a return to profit in the coming years.

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.

Financial key performance indicators

The company has made an operating loss in the year of £260,117 (2016 - profit of £15,484) which has been achieved against an economic background that is challenging and competitive.

Excluding non-recurring expenses, such as redundancy provisions and one-off write downs of stock, as shown in note 5 to the financial statements, the operating loss during the year is £104,829.

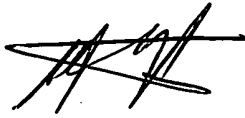
Despite the loss incurred this year, the company is still in a financial healthy position with net current assets of £3.71m (2016 - £3.86m) and net assets of £3.97m (2016 - £4.20m).

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.

Golden Lady (UK) Limited

Strategic Report (continued)
For the year ended 31 December 2017

This report was approved by the board and signed on its behalf.



C A Hetherington
Director

Date:

18/05/2018

Golden Lady (UK) Limited

Directors' Report For the year ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

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 £233,954 (2016 - loss £1,923).

No dividends were paid this year (2016 - £NIL).

Directors

The directors who served during the year were:

N Grassi
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

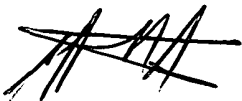
Directors' Report (continued)
For the year ended 31 December 2017

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.

This report was approved by the board and signed on its behalf.



C A Hetherington
Director

Date:

18/05/2018

Golden Lady (UK) Limited

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

Opinion

We have audited the financial statements of Golden Lady (UK) Limited ("the Company") for the year ended 31 December 2017 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Golden Lady (UK) Limited

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Golden Lady (UK) Limited

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

Auditor's responsibilities for the audit of the financial statements

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.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Richard Wilson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Nottingham
United Kingdom

20 May 2018

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 2017

	Note	2017 £	2016 £
Turnover	4	11,375,244	11,311,897
Cost of sales		(10,543,474)	(10,203,624)
Gross profit		831,770	1,108,273
Distribution costs		(431,680)	(502,886)
Administrative expenses		(660,207)	(589,903)
Operating (loss)/profit		(260,117)	15,484
Interest receivable and similar income	8	1,936	564
(Loss)/profit on ordinary activities before taxation		(258,181)	16,048
Taxation on profit/(loss) on ordinary activities	9	24,227	(17,971)
Loss for the financial year		(233,954)	(1,923)

There was no other comprehensive income for 2017 (2016 - £Nil).

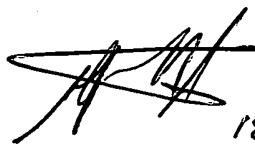
The notes on pages 11 to 20 form part of these financial statements.

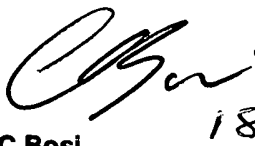
Golden Lady (UK) Limited
Registered number: 02027951

Balance Sheet
As at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	10	252,165	342,301
Current assets			
Stocks	11	836,817	858,399
Debtors: Amounts falling due within one year	12	3,696,571	4,051,932
Cash at bank and in hand	13	1,610,213	2,091,987
		<u>6,143,601</u>	<u>7,002,318</u>
Creditors: Amounts falling due within one year	14	(2,430,545)	(3,143,676)
Net current assets		<u>3,713,056</u>	<u>3,858,642</u>
Total assets less current liabilities		<u>3,965,221</u>	<u>4,200,943</u>
Provisions for liabilities			
Deferred tax	15	-	(1,768)
Net assets		<u><u>3,965,221</u></u>	<u><u>4,199,175</u></u>
Capital and reserves			
Called up share capital	16	3,000,000	3,000,000
Profit and loss account	17	965,221	1,199,175
		<u><u>3,965,221</u></u>	<u><u>4,199,175</u></u>

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


18/05/2018
C A Hetherington
Director


18/05/2018
C Bosi
Director

The notes on pages 11 to 20 form part of these financial statements.

Golden Lady (UK) Limited
Registered number: 02027851

Balance Sheet
As at 31 December 2017

	2017 £	2016 £
Fixed assets		
Tangible assets	10	225,165
Current assets		
Stocks	11	836,817
Debtors: Amounts falling due within one year	12	3,066,271
Cash at bank and in hand	13	1,910,213
		<u>5,812,250</u>
		6,143,601
Creditors: Amounts falling due within one year	14	(2,430,242)
		<u>(2,430,242)</u>
Net current assets		3,713,058
Total assets less current liabilities		<u>3,962,221</u>
Provisions for liabilities		
Deferred tax	15	-
		<u>-</u>
Net assets		<u><u>3,962,221</u></u>
Capital and reserves		
Called up share capital	16	3,000,000
Profit and loss account	17	962,221
		<u><u>3,962,221</u></u>
		<u><u>4,189,175</u></u>
		<u><u>4,189,175</u></u>

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

C Bost
Director

C A Hetherington
Director

The notes on pages 11 to 20 form part of these financial statements.

Golden Lady (UK) Limited

Statement of Changes in Equity For the year ended 31 December 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	3,000,000	1,199,175	4,199,175
Loss for the year	-	(233,954)	(233,954)
At 31 December 2017	3,000,000	965,221	3,965,221

Statement of Changes in Equity For the year ended 31 December 2016

	Called up share capital	Profit and 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)
At 31 December 2016	3,000,000	1,199,175	4,199,175

The notes on pages 11 to 20 form part of these financial statements.

Golden Lady (UK) Limited

Notes to the Financial Statements For the year ended 31 December 2017

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.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of ENGIFIN S.p.A. as at 31 December 2017 and these financial statements may be obtained from Camera di Commercio Industria e Artigianato di Mantova, Via Pietro Fortunato Calvi, 28 – 46100 Mantova, Italy..

Golden Lady (UK) Limited

Notes to the Financial Statements For the year ended 31 December 2017

2. Accounting policies (continued)

2.3 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.

2.4 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.

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.

2.5 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.

Golden Lady (UK) Limited

Notes to the Financial Statements For the year ended 31 December 2017

2. Accounting policies (continued)

2.6 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.

2.7 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.

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.

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 2016 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.

Golden Lady (UK) Limited

Notes to the Financial Statements For the year ended 31 December 2017

2. Accounting policies (continued)

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.

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. Judgments in applying accounting policies and key sources of estimation uncertainty

In the process of applying the company's accounting policies, the company is required to make certain judgements, estimates and assumptions that it believes are reasonable based on the information available. The significant judgements relate to the following:

Useful lives of property, plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then depreciation charges in the financial statements would increase and carrying amounts of property, plant and equipment would reduce accordingly. The carrying amount of property, plant and equipment by each class is included in note 10.

Golden Lady (UK) Limited

Notes to the Financial Statements For the year ended 31 December 2017

4. Turnover

All turnover arose within the United Kingdom.

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

5. Operating (loss)/profit

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

	2017 £	2016 £
Depreciation of tangible fixed assets	97,439	122,052
Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts	11,865	11,300
Defined contribution pension cost	23,429	24,223
Redundancy provision	86,391	-
Stock impairment loss/(gain)	68,897	(527)
	<u> </u>	<u> </u>

6. Employees

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

	2017 £	2016 £
Wages and salaries	371,710	397,682
Social security costs	33,281	36,496
Cost of defined contribution scheme	23,429	24,223
	<u> </u>	<u> </u>
	428,420	458,401
	<u> </u>	<u> </u>

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

	2017 No.	2016 No.
Sales and distribution	11	12
Administration	4	4
	<u> </u>	<u> </u>
	15	16
	<u> </u>	<u> </u>

Golden Lady (UK) Limited

Notes to the Financial Statements For the year ended 31 December 2017

7. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	164,737	166,413
Company contributions to defined contribution pension schemes	13,211	13,745

During the year retirement benefits were accruing to 2 directors (2016 - 2) in respect of defined contribution pension schemes.

8. Interest receivable

	2017 £	2016 £
Other interest receivable	1,936	564
	<u>1,936</u>	<u>564</u>

9. Taxation

	2017 £	2016 £
Current tax (credit)/charge on (loss)/profit for the year	(22,459)	22,834
	<u>(22,459)</u>	<u>22,834</u>
Total current tax	<u>(22,459)</u>	<u>22,834</u>
Deferred tax		
Origination and reversal of timing differences	(1,768)	(4,863)
Total deferred tax	<u>(1,768)</u>	<u>(4,863)</u>
Taxation on (loss)/profit on ordinary activities	<u>(24,227)</u>	<u>17,971</u>

Golden Lady (UK) Limited

Notes to the Financial Statements For the year ended 31 December 2017

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
(Loss)/profit on ordinary activities before tax	<u>(258,181)</u>	<u>16,048</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(49,700)	3,210
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	689	143
Depreciation on ineligible assets	14,235	14,931
Other differences	(1,301)	(313)
Unrelieved tax losses carried forward	11,850	-
Total tax charge for the year	<u>(24,227)</u>	<u>17,971</u>

Factors that may affect future tax charges

The corporation tax rate reduced to 20% on 1 April 2015. The summer budget on 15 July 2015 announced that the rate will reduce to 19% as of 1 April 2017 and 18% as of 1 April 2020. During the budget on 16 March 2016 the Chancellor announced that the rate from 1 April 2020 will instead be 17%. This will reduce the company's future current tax accordingly.

Golden Lady (UK) Limited

Notes to the Financial Statements For the year ended 31 December 2017

10. Tangible fixed assets

	Freehold land and buildings £	Plant, machinery, motor vehicles and merchand- ising equipment £	Total £
Cost or valuation			
At 1 January 2017	2,004,944	835,986	2,840,930
Additions	-	7,718	7,718
Disposals	-	(193,302)	(193,302)
At 31 December 2017	2,004,944	650,402	2,655,346
Depreciation			
At 1 January 2017	1,698,179	800,450	2,498,629
Charge for the year on owned assets	73,950	23,489	97,439
Disposals	-	(192,887)	(192,887)
At 31 December 2017	1,772,129	631,052	2,403,181
Net book value			
At 31 December 2017	232,815	19,350	252,165
At 31 December 2016	306,765	35,536	342,301

Included in freehold land and buildings is freehold land at cost of £141,633 (2016 - £141,633) which is not depreciated.

11. Stocks

	2017 £	2016 £
Finished goods and goods for resale	836,817	858,399

Stock recognised in cost of sales during the year as an expense was £10,506,056 (2016 - £10,177,647).

The impairment loss recognised in the company profit or loss for the period in respect of stock was a charge of £68,897 (2016 - write back of £527).

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

Golden Lady (UK) Limited

Notes to the Financial Statements For the year ended 31 December 2017

12. Debtors

	2017 £	2016 £
Due within one year		
Trade debtors	3,616,928	4,018,229
Other debtors	79,643	33,703
	<u>3,696,571</u>	<u>4,051,932</u>

The impairment loss recognised in the company's profit or loss for the year in respect of bad and doubtful trade debtors was £Nil (2016 - £3,306).

13. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	1,610,213	2,091,987
Less: bank overdrafts	(1,466)	(4,182)
	<u>1,608,747</u>	<u>2,087,805</u>

14. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank overdrafts	1,466	4,182
Trade creditors	32,209	41,274
Amounts owed to group undertakings	1,607,276	2,354,829
Taxation and social security	597,047	676,880
Other creditors	192,547	66,511
	<u>2,430,545</u>	<u>3,143,676</u>

15. Deferred taxation

	2017 £
At beginning of year	(1,768)
Charged to profit or loss	<u>1,768</u>

Golden Lady (UK) Limited

Notes to the Financial Statements For the year ended 31 December 2017

16. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
30,000 Ordinary shares of £100 each	<u>3,000,000</u>	<u>3,000,000</u>

17. Reserves

Share capital

Called up share capital reserve represents the nominal value of the shares issued.

Profit and loss account

Profit & loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

18. Pension commitments

The company contributes to personal pension plans for certain employees. The pension cost charge amounting to £23,429 (2016 - £24,223) represents contributions payable by the company during the year.

19. Related party transactions

Golden Lady (UK) Limited was a wholly owned sub-subsidiary of ENGIFIN S.p.A. up to 30 June 2017. Effective from 30 June 2017, the entire shareholding in the company was owned directly by ENGIFIN S.p.A.. 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.

Pension commitments made during the period are stated in Note 18 to the accounts.

20. Controlling party

The company was a wholly owned subsidiary of Gilfin 2 S.p.A., a company incorporated in Italy, up until 30 June 2017. The ultimate parent company was ENGIFIN S.p.A. Effective from 30 June 2017, the company became 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.