

Registered in England  
Company No. 2241601

**Report  
And  
Financial Statements**

**ABLEROSE LIMITED**

**For the year ended  
31 December 1997**



**K J Pittalis & Co.**

**KJP**

**ACCOUNTANTS**

**90-92 HIGH ROAD, EAST FINCHLEY, LONDON N2 9EB**

# ABLEROSE LIMITED

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# ABLEROSE LIMITED

## Officers and Company Information

<b>Directors:</b>	Evelthon Georgiades, Cypriot (Chairman) Robert Chamberlain, British (Managing) Koula Georgiadou, Cypriot Androulla Vassiliou, Cypriot (Legal)- resigned 10 December 1997 Christos Vakis FCA, Cypriot George Vassiliou, Cypriot- appointed 10 December 1997 Julie Thompson, British –appointed 10 December 1997
<b>Company secretary:</b>	Julie Thompson
<b>Registered in England:</b>	2241601
<b>Registered office:</b>	90-92 High Road London N2 9EB
<b>Trading address:</b>	361B-363B Liverpool Road London N1 1NL
<b>Bankers:</b>	Bank of Cyprus (London) Limited 162 Seven Sisters Road London N7 7PT
<b>Auditors:</b>	K J Pittalis & Co 90-92 High Road London N2 9EB
<b>Solicitors:</b>	Pittalis & Co 98 High Road London N2 9EB

# ABLEROSE LIMITED

## Directors' Report

The directors present their report together with the accounts of the company for the year ended 31 December 1997.

### Principal activity

The principal activity of the company is that of manufacturers and wholesalers of ladies garments. The company trades under the name of Alison Hayes.

### Results and dividends

The profit and loss account of the company is set out on page 5 and shows the results for the year. After providing for corporation tax of £112,529 (1996 - £96,876) and a dividend of £200,000 (1996- Nil) the balance of profit was taken to reserves.

### Review of the business and future developments

Turnover increased significantly and the gross margin was maintained at the same level as the previous year.

The company continued its expansion and has made further investment in Alison Hayes (Romania) SA which is now a wholly owned subsidiary, and Alison Hayes (Brittanica) SA, a new company which has not yet commenced trading.

### Significant changes in fixed assets

The freehold property was professionally valued at £700,000 and is reflected in the balance sheet and note 6 of the accounts on page 11.

### Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

select suitable accounting policies and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements;

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 to 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.

# ABLEROSE LIMITED

## Directors' Report

### Year 2000

As discussed at length in the media, many computers and microchips only recognise dates using the last two digits of the year and will therefore need to be modified or replaced to record the year 2000. Our business depends on a computerised accounting system to prepare the accounts and record the transactions, as well as control stock. In addition, we could be affected by the systems used by our suppliers and customers. As a result we could be at risk if other parties do not deal adequately with the year 2000 issue.

We have also assessed the possibility of year 2000 related failures in our significant suppliers, all of whom inform us that they are already dealing with the problem.

It is impossible to guarantee that no year 2000 problems will remain. However, the directors feel that the company will be able to deal promptly with any failures that may occur.

### Directors

The directors of the company during the year and their interest in the share capital of the company were:

	Ordinary Shares of £1 each	
	1997	1996
Mr E Georgiades	--	--
Mr R A Chamberlain	75,000	75,000
Miss K Georgiadou	--	--
Mrs A Vassiliou (resigned 10 December 1997)	--	--
Mr C Vakis FCA	--	--
Mr G Vassiliou (appointed 10 December 1997)	--	--
Miss J Thompson (appointed 10 December 1997)	--	--

Synek Limited, a company incorporated in Cyprus, holds 425,000 (1996 - 425,000) shares of £1 each and apart from R A Chamberlain and J Thompson, the others are also directors of Synek Limited.

### Auditors

Messrs K J Pittalis & Co are deemed to be reappointed in accordance with Section 386 of the Companies Act 1985.

BY ORDER OF THE BOARD

  
Julie Thompson  
Secretary

23 November 1998

# ABLEROSE LIMITED

## Auditors' Report to Ablerose Limited under Section 247B of the Companies Act 1985

We have examined the abbreviated accounts set out on pages 5 to 14, together with the full statutory accounts of the company for the period ended 31 December 1997 prepared under section 226 of the Companies Act 1985.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) and of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

### **Basis of opinion**

We have carried out the procedures we consider necessary to confirm, by reference to the accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full statutory accounts.

### **Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 5 to 14 are properly prepared in accordance with those provisions.

**K J Pittalis & Co**  
**Registered Auditors**  
90-92 High Road  
London  
N2 9EB



23 November 1998

# ABLEROSE LIMITED

## Profit and Loss Account for the year ended 31 December 1997

	Notes	1997	1996
		£	£
<b>Gross profit</b>		<b>3,421,858</b>	2,482,747
Distribution costs		(2,331,358)	(1,585,606)
Administrative expenses		(742,193)	(594,365)
<b>Operating profit</b>	<b>3</b>	<b>348,307</b>	302,776
Interest receivable		13,858	8,654
Interest payable		(23,263)	(22,022)
<b>Profit on ordinary activities before taxation</b>		<b>338,902</b>	289,408
Taxation	<b>5</b>	(112,529)	(96,876)
<b>Profit for the financial year</b>		<b>226,373</b>	192,532
Dividend proposed		(200,000)	--
<b>Retained profit for the financial year</b>		<b>26,373</b>	192,532
Retained profit at 1 January 1997		287,251	94,719
<b>Retained profit at 31 December 1997</b>		<b>313,624</b>	287,251

All of the company's activities derive from continuing operations.

## ABLEROSE LIMITED

### Statement of total recognised gains and losses for the year ended 31 December 1997

	1997	1996
	£	£
Profit for the financial year	26,373	192,532
Unrealised surplus on revaluation of property	166,986	--
	-----	-----
<b>Total recognised gains relating to the year</b>	<b>193,359</b>	<b>192,532</b>
	=====	=====

#### Note of historical cost profits and losses

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.



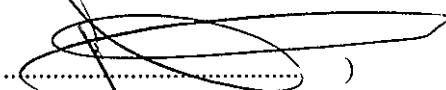
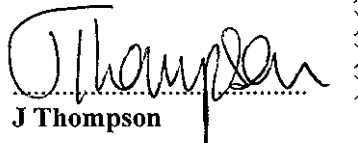
# ABLEROSE LIMITED

## Balance Sheet As at 31 December 1997

	Notes	1997 £	1996 £
<b>Fixed assets</b>			
Tangible assets	6	868,540	700,949
Investments	7	719,187	334,500
		1,587,727	1,035,449
<b>Current assets</b>			
Stock	8	1,946,167	1,162,537
Debtors	9	439,111	511,287
Cash at bank and in hand		565,559	175,921
		2,950,837	1,849,745
<b>Creditors</b>			
Amounts falling due within one year	10	2,913,215	1,871,723
		37,622	(21,978)
<b>Total assets less current liabilities</b>		1,625,349	1,013,471
<b>Creditors</b>			
Amounts falling due after more than one year	11	644,739	226,220
<b>Net assets</b>		980,610	787,251
<b>Capital and reserves</b>			
Called up share capital	12	500,000	500,000
Revaluation reserve	13	166,986	--
Profit and loss account		313,624	287,251
<b>Shareholders' funds</b>	14	980,610	787,251

The abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The accounts were approved by the board of directors on 23 November 1998 and signed on its behalf by:

  
 ..... )  
**R A Chamberlain** )  
 ..... ) **Directors**  
  
 ..... )  
**J Thompson** )

# ABLEROSE LIMITED

## Cash Flow Statement for the year ended 31 December 1997

	Notes	1997		1996	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	1		522,752		450,675
<b>Returns on investment and servicing of finance</b>					
Interest paid		(23,263)		(22,022)	
Interest received		<u>13,858</u>		<u>8,654</u>	
<b>Net cash outflow from returns on investment &amp; servicing of finance</b>			(9,405)		(13,368)
<b>Taxation</b>					
Corporation tax paid			(96,876)		(59,054)
<b>Investing activities</b>					
Investment in subsidiaries		(384,687)		(30,000)	
Payments to acquire tangible fixed assets		(87,158)		(673,116)	
Receipts from sale of fixed assets		<u>26,493</u>		<u>2,000</u>	
<b>Net cash outflow from investing activities</b>			<u>(445,352)</u>		<u>(701,116)</u>
<b>Net cash outflow before financing</b>			(28,881)		(322,863)
<b>Financing</b>					
Loan		500,000		350,000	
Loan repayments		<u>(81,481)</u>		<u>(69,036)</u>	
<b>Net cash inflow from financing</b>			418,519		280,964
<b>Increase/(decrease) in cash &amp; cash equivalents</b>	2		<u>389,638</u>		<u>(41,899)</u>

### NOTES TO CASH FLOW STATEMENT

**1. Reconciliation of operating profit to net cash inflow from operating activities.**

	1997	1996
	£	£
<b>Operating profit</b>	348,307	302,776
Depreciation charge	67,057	52,351
Profit on sale of fixed assets	(6,998)	--
<b>(Increase) in stocks &amp; work in progress</b>	(783,360)	(311,554)
<b>Decrease in debtors</b>	72,176	141,927
<b>Increase in creditors</b>	<u>825,570</u>	<u>265,175</u>
<b>Net cash inflow from operating activities</b>	<u>522,752</u>	<u>450,675</u>

**2. Analysis of change in cash and cash equivalents during the year**

<b>Cash at bank and in hand</b>		
Balance at 1 January 1997	175,921	217,820
Net cash inflow/(outflow)	<u>389,638</u>	<u>(41,899)</u>
<b>Balance at 31 December 1997</b>	<u>565,559</u>	<u>175,921</u>

# ABLEROSE LIMITED

## Notes forming part of the accounts for the year ended 31 December 1997

### 1. ACCOUNTING POLICIES

#### (i) Accounting convention

The financial statements were prepared under the historical cost convention modified to include the revaluation of the freehold property and comply with all applicable accounting standards.

#### (ii) Depreciation

Depreciation is calculated at the following rates using the reducing balance method and aims to write off the cost of assets over their expected useful lives.

Freehold buildings - 2% on cost or revalued amounts  
Other assets - 25% on cost

#### (iii) Stocks

Stocks and work-in-progress are valued by the directors at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

#### (iv) Investment in subsidiaries

The investment in the subsidiary undertakings is stated at cost. The directors consider that there has not been any permanent diminution in the value of the investments.

#### (v) Foreign currency translation

- (a) Monetary assets and liabilities denominated in a foreign currency are translated into Sterling at the foreign exchange rate ruling at the balance sheet date.
- (b) Revenue and expenses in foreign currencies are recorded in Sterling at an average rate during the year in which the transactions arise.
- (c) Gains and losses on translation are included in the profit and loss account.

#### (vi) Deferred taxation

Deferred tax is not provided as there is no reasonable probability of a material amount becoming payable in the foreseeable future.

#### (vii) Pensions

The company operates a defined benefit pension scheme. The assets of the scheme are invested and managed independently of the finances of the company. In principle the company contributes to the scheme an amount equal to the regular cost of pensions as calculated by a qualified actuary. The regular pensions costs so calculated are charged to the profit and loss account.

The company also makes contributions to a defined contributions scheme. The pension costs so calculated are charged to the profit and loss account.

## ABLEROSE LIMITED

Notes forming part of the accounts  
for the year ended 31 December 1997

### 2. TURNOVER

Turnover represents the amounts receivable, excluding VAT, by the company for goods sold in the United Kingdom.

3. OPERATING PROFIT	1997	1996
	£	£
<b>Operating profit is after charging:</b>		
Depreciation	67,057	52,351
Auditors' emoluments	15,000	10,000
Directors' emoluments	137,695	97,207

### 4. STAFF COSTS

#### i) Directors:

Emoluments for service as directors	108,965	78,000
Pension contributions	18,750	10,000
Benefits in kind	9,980	9,207
	<u>137,695</u>	<u>97,207</u>

#### ii) Employee costs during the year amounted to:

Wages & salaries	841,503	535,750
Social security costs	83,163	57,325
Pension contributions	8,715	6,797
	<u>933,381</u>	<u>599,872</u>

#### iii) Employees:

The average number of employees during the year was 42 (1996 - 29).

iv) There is one director who is accruing benefits under a defined benefits scheme.

v) There is one director who is accruing benefits under a defined contributions scheme.

## ABLEROSE LIMITED

### Notes forming part of the accounts for the year ended 31 December 1997

5.	<b>TAXATION</b>	1997	1996				
		£	£				
	Taxation based on the adjusted profit for the year:						
	Corporation tax @ 31%	<u>112,529</u>	<u>96,876</u>				
	The directors do not consider that any provision is required for deferred taxation, as no material liability is expected to crystallise. No provision has been made for deferred taxation. The amount of deferred tax not provided for was as follows:						
	Unprovided deferred tax- accelerated capital allowances	<u>840</u>	<u>567</u>				
6.	<b>TANGIBLE FIXED ASSETS</b>						
	Land & Buildings	Computer Equipment	Fixtures & Fittings	Plant & Machinery	Motor Vehicles	Total	
	£	£	£	£	£	£	
	<b>Cost/ revaluation</b>						
	At 1 January 1997	543,892	101,291	65,066	11,846	63,602	785,697
	Additions	--	10,122	4,655	5,758	66,623	87,158
	Revaluation	166,986	--	--	--	--	166,986
	Disposals	--	--	--	--	(38,062)	(38,062)
	<b>At 31 December 1997</b>	<b>710,878</b>	<b>111,413</b>	<b>69,721</b>	<b>17,604</b>	<b>92,163</b>	<b>1,001,779</b>
	<b>Depreciation</b>						
	At 1 January 1997	--	29,299	21,359	7,961	26,129	84,748
	Charge for the year	10,878	20,528	12,090	2,411	21,150	67,057
	On disposals	--	--	--	--	(18,566)	(18,566)
	<b>At 31 December 1997</b>	<b>10,878</b>	<b>49,827</b>	<b>33,449</b>	<b>10,372</b>	<b>28,713</b>	<b>133,239</b>
	<b>Net Book Values</b>						
	<b>At 31 December 1997</b>	<b>700,000</b>	<b>61,586</b>	<b>36,272</b>	<b>7,232</b>	<b>63,450</b>	<b>868,540</b>
	At 31 December 1996	543,892	71,992	43,707	3,885	37,473	700,949

The freehold property was valued in May 1998 at £700,000 by Calder & Co, chartered surveyors, on the basis of open market value. The cost on which depreciation is charged amounts to £543,892.

## ABLEROSE LIMITED

Notes forming part of the accounts  
for the year ended 31 December 1997

### 7. INVESTMENTS

	Subsidiary Undertaking	
	1997	1996
<b>Cost</b>	<b>£</b>	<b>£</b>
At 1 January 1997	334,500	304,500
Further shares acquired in Alison Hayes (Romania) SA	335,600	30,000
Investment in Alison Hayes (Brittanica) SA	49,087	--
	719,187	334,500
<b>At 31 December 1997</b>	<b>719,187</b>	<b>334,500</b>
<b>Subsidiary undertakings</b>		

The company's investment in its subsidiary companies represents the cost of acquisition of 100% (1996- 76.144%) of the ordinary share capital of Alison Hayes (Romania) SA and Alison Hayes (Brittanica) SA.

At 31 December 1997, the aggregate of the share capital and reserves of Alison Hayes (Romania) SA amounted to £642,631 and the profit for the year to that date was £9,879.

Alison Hayes (Brittanica) SA has not yet commenced trading.

### 8. STOCK

Stock has been valued at the lower of cost and net realisable value and comprises of the following:

	1997	1996
	£	£
Fabric and trimmings	1,138,890	430,900
Finished goods	503,481	172,833
Goods in transit	19,431	--
Work in progress	284,365	558,804
	1,946,167	1,162,537
	<b>1,946,167</b>	<b>1,162,537</b>

### 9. DEBTORS

Trade debtors	260,200	398,136
Amounts owed by group undertakings	85,113	75,905
Other debtors	38,574	4,151
Prepayments	55,224	33,095
	439,111	511,287
	<b>439,111</b>	<b>511,287</b>

Other debtors include amounts of £34,711 falling due after more than one year.

## ABLEROSE LIMITED

Notes forming part of the Accounts  
for the year ended 31 December 1997

<b>10.</b>	<b>CREDITORS</b>	<b>1997</b>	<b>1996</b>
	<b>Amounts falling due within one year</b>	<b>£</b>	<b>£</b>
	Bank loan	54,744	54,744
	Trade creditors	1,544,951	937,807
	Amounts owed to group undertakings	577,735	549,894
	Customs & Excise – VAT	280,686	104,406
	Inland Revenue – PAYE & NIC	69,979	47,623
	Corporation tax	112,529	96,876
	Other creditors & accruals	72,591	80,373
	Proposed dividend	200,000	--
		<hr/>	<hr/>
		<b>2,913,215</b>	<b>1,871,723</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>11.</b>	<b>CREDITORS</b>		
	<b>Amounts falling due after more than one year</b>		
	Bank loan - repayable between 1-5 years	144,739	218,976
	- repayable after 5 years	--	7,244
	Amount owed to group undertaking - repayable after 5 years	500,000	--
		<hr/>	<hr/>
		<b>644,739</b>	<b>226,220</b>
		<hr/> <hr/>	<hr/> <hr/>
	<p>The loan was initially for £350,000 and advanced in order to assist with the purchase of the freehold property in March 1996. The loan is repayable over 10 years by annual instalments of £54,744 and is secured by a first legal charge on the property together with a debenture giving a fixed and floating charge over the company's assets.</p> <p>In August 1997 the company made an additional voluntary payment towards the loan of £50,000 making total voluntary payments of £100,000 by 31 December 1997.</p>		
<b>12.</b>	<b>CALLED UP SHARE CAPITAL</b>		
	<b>Authorised</b>		
	1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
	<b>Allotted, called up and fully paid</b>		
	500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
<b>13.</b>	<b>REVALUATION RESERVE</b>		
	At 1 January 1997	--	
	Surplus on revaluation of property	166,986	
		<hr/>	
	<b>At 31 December 1997</b>	<b>166,986</b>	
		<hr/> <hr/>	

## ABLEROSE LIMITED

Notes forming part of the Accounts  
for the year ended 31 December 1997

### 14. SHAREHOLDERS FUNDS

Reconciliation of movements in shareholders' funds	1997 £	1996 £
<b>Profit for the financial year</b>	226,373	192,532
Dividend proposed	(200,000)	--
Other recognised gains relating to the year	166,986	--
<b>Net additions to shareholders' funds</b>	<u>193,359</u>	<u>192,532</u>
Opening shareholders' funds at 1 January 1997	787,251	594,719
<b>Closing shareholders' funds at 31 December 1997</b>	<u><u>980,610</u></u>	<u><u>787,251</u></u>

### 15. RELATED PARTY TRANSACTIONS

During the year the company paid production costs in the ordinary course of business to Synek Limited the ultimate holding company and Alison Hayes (Romania) SA subsidiary undertaking. The production costs paid were as follows:

Synek Limited	901,825	777,756
Alison Hayes (Romania) SA	1,125,708	786,043
	<u>2,027,533</u>	<u>1,563,799</u>

Amounts owed by group undertaking as disclosed in note 9 are as follows:

Alison Hayes (Romania) SA	85,113	75,905
	<u>85,113</u>	<u>75,905</u>

Amount owed to group undertaking as disclosed in note 10 are as follows:

Synek Limited	536,340	492,723
Alison Hayes (Romania) SA	41,395	57,171
	<u>577,735</u>	<u>549,894</u>

Amount included in long term creditors

Synek Limited – subordinated loan	500,000	--
	<u>500,000</u>	<u>0</u>

This is an interest free loan with no repayments. The holding company has no intention of recalling it before a period of 5 years.