

2241601

**Report  
And  
Financial Statements**

**ABLEROSE LIMITED**

**for the year ended 31 December 1999**



**K J Pittalis & Co.**

**KJP**

**ACCOUNTANTS**

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

# ABLEROSE LIMITED

## Contents

Officers and company information	1
Directors' report	2 - 3
Auditors' report	4
<i>Profit and loss account</i>	5
Statement of total recognised gains and losses	6
Balance sheet	7
Cash flow statement	8
Notes to the accounts	9 - 14



# ABLEROSE LIMITED

## Officers and Company Information

**Directors:** Mr Evelthon Georgiades, Cypriot (Chairman)  
Mr Robert Chamberlain, British (Managing)  
Miss Koula Georgiadou, Cypriot  
Mr George Vassiliou, Cypriot  
Miss Julie Thompson, British  
Mr Nicolas Georghiades, Cypriot - appointed 25 February 2000

**Company secretary:** Miss Julie Thompson - resigned 25 February 2000  
Mr Neil White - appointed 25 February 2000

**Registered in England:** 2241601

**Registered office:** 90-92 High Road  
London  
N2 9EB

**Trading address:** 361B-363B Liverpool Road  
London  
N1 1NL

**Bankers:** Bank of Cyprus (London) Limited  
162 Seven Sisters Road  
London  
N7 7PT

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

**Solicitors:** 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 1999.

### **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. The retained profit for the financial year before taxation and the extraordinary charge was £199,343. No dividend is recommended.

### **Review of the business and future developments**

The company has consolidated its operations during the year, concentrating on improving its margins. Further evidence of the results of these efforts are expected to be seen in increased profits in the 2000 accounts.

### **Fixed assets**

Details and movements in the fixed assets of the company are detailed 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.

### The Euro

Although the single European currency (the Euro) came into existence on 1 January 1999, the UK Government has indicated that the UK will not participate at this stage. The impact on our business has been considered and it is not expected to have any material effect due to the nature of our operations.

### 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	
	1999	1998
Mr E Georgiades	--	--
Mr R A Chamberlain	--	75,000
Miss K Georgiadou	--	--
Mr G Vassiliou	--	--
Miss J Thompson	--	--
Mr N Georgiades (appointed 25 February 2000)	--	--

Synek Limited, a company incorporated in Cyprus, holds 500,000 (1998 - 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**

  
Neil White  
Secretary

16 October 2000

# ABLEROSE LIMITED

## Report of the Auditors to the members of Ablerose Limited

We have audited the financial statements on pages 5 to 14 which have been prepared in accordance with the accounting policies set out on page 9.

### Respective responsibilities of Directors and Auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

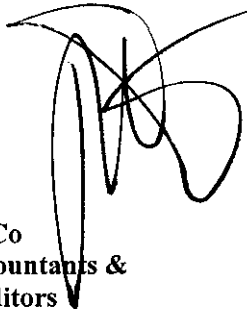
### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and, judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 and its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



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

16 October 2000

# ABLEROSE LIMITED

## Profit and Loss Account for the year ended 31 December 1999

	Notes	1999 £	1998 £
<b>Gross profit</b>		<b>3,878,724</b>	4,151,306
Distribution costs		(2,779,488)	(2,893,886)
Administrative expenses		(897,135)	(1,031,190)
<b>Operating profit</b>	<b>3</b>	<b>202,101</b>	226,230
Interest receivable		11,173	12,604
Interest payable		(13,931)	(18,606)
<b>Profit on ordinary activities before taxation</b>		<b>199,343</b>	220,228
Taxation	<b>4</b>	(38,787)	(63,994)
<b>Profit on ordinary activities after taxation</b>		<b>160,556</b>	156,234
Extraordinary item	<b>5</b>	(19,839)	--
<b>Retained profit for the financial year</b>		<b>140,717</b>	156,234
Retained profit at 1 January 1999		469,858	313,624
<b>Retained profit at 31 December 1999</b>		<b>610,575</b>	469,858

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 1999

	1999	1998
	£	£
<b>Profit for the financial year</b>	<b>140,717</b>	156,234
Unrealised surplus on revaluation of property	289,122	--
	<hr/>	<hr/>
<b>Total recognised gains relating to the year</b>	<b>429,839</b>	156,234
	<hr/> <hr/>	<hr/> <hr/>

#### **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 1999

	Notes	1999 £	1998 £
<b>Fixed assets</b>			
Tangible assets	6	1,417,839	965,404
Investments	7	800,187	800,187
		2,218,026	1,765,591
<b>Current assets</b>			
Stock	8	1,902,261	1,729,396
Debtors	9	714,084	1,099,680
Investments	10	19,000	--
Cash at bank and in hand		473,076	107,003
		3,108,421	2,936,079
<b>Creditors</b>			
Amounts falling due within one year	11	(3,259,764)	(2,893,342)
		(151,343)	42,737
<b>Net current (liabilities)/assets</b>			
		2,066,683	1,808,328
<b>Creditors</b>			
Amounts falling due after more than one year	12	(500,000)	(671,484)
		1,566,683	1,136,844
<b>Net assets</b>		1,566,683	1,136,844
<b>Capital and reserves</b>			
Called up share capital	13	500,000	500,000
Revaluation reserve	14	456,108	166,986
Profit and loss account		610,575	469,858
		1,566,683	1,136,844
<b>Shareholders' funds</b>	15	1,566,683	1,136,844

The accounts were approved by the board of directors on 16 October 2000 and signed on its behalf by:

..... )  
N Georghades )

) Directors

..... )  
R A Chamberlain )

# ABLEROSE LIMITED

## Cash Flow Statement for the year ended 31 December 1999

	Notes	1999		1998	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	<b>1</b>		<b>553,367</b>		<b>167,841</b>
<b>Returns on investment and servicing of finance</b>					
Interest paid		(13,931)		(18,606)	
Interest received		11,173		12,604	
Dividend paid		<u>          --</u>		<u>(200,000)</u>	
<b>Net cash outflow from returns on investment &amp; servicing of finance</b>			<b>(2,758)</b>		<b>(206,002)</b>
<b>Taxation</b>					
Corporation tax paid			(63,904)		(112,529)
<b>Investing activities</b>					
Investment in subsidiaries		--		(81,000)	
Payments to acquire tangible fixed assets		(274,111)		(203,997)	
Receipts from sale of fixed assets		<u>5,000</u>		<u>          --</u>	
<b>Net cash outflow from investing activities</b>			<b>(269,111)</b>		<b>(284,997)</b>
<b>Management of liquid resources</b>					
Purchase of listed investment			<u>(48,500)</u>		<u>          --</u>
<b>Net cash outflow before financing</b>			<b>169,004</b>		<b>(435,687)</b>
<b>Financing</b>					
Loan repayments		<u>(42,735)</u>		<u>(36,138)</u>	
<b>Net cash (outflow) from financing</b>			<b>(42,735)</b>		<b>(36,138)</b>
<b>Increase/(decrease) in cash &amp; cash equivalents 2</b>			<b><u>126,269</u></b>		<b><u>(471,825)</u></b>

### NOTES TO CASH FLOW STATEMENT

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

	1999	1998
	£	£
<b>Operating profit</b>	<b>202,101</b>	<b>226,230</b>
Depreciation charge	104,266	107,133
Loss on sale of fixed assets	1,532	--
<b>(Increase)/decrease in stocks &amp; work in progress</b>	<b>(172,865)</b>	<b>216,771</b>
<b>Decrease/(increase) in debtors</b>	<b>385,596</b>	<b>(660,569)</b>
<b>Increase in creditors</b>	<b><u>32,737</u></b>	<b><u>278,276</u></b>
<b>Net cash inflow from operating activities</b>	<b><u>553,367</u></b>	<b><u>167,841</u></b>

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

	1999	1998	Change in year
	£	£	£
Cash at bank and in hand	473,076	107,003	366,073
Bank overdraft	<u>(253,073)</u>	<u>(13,269)</u>	<u>(239,804)</u>
	<b><u>220,003</u></b>	<b><u>93,734</u></b>	<b><u>126,269</u></b>

# ABLEROSE LIMITED

## Notes forming part of the accounts for the year ended 31 December 1999

### 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 1999

### 2. TURNOVER

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

### 3. OPERATING PROFIT

	1999	1998
	£	£
<b>i) Operating profit is stated after charging:</b>		
Depreciation	104,266	107,133
Auditors' emoluments	16,250	22,500
Directors' emoluments	182,535	308,077
<b>ii) Directors:</b>		
Emoluments for service as directors	135,000	147,335
Pension contributions	28,200	21,000
Compensation for loss of office	--	121,773
Benefits in kind	<u>19,335</u>	<u>17,969</u>
	<u>182,535</u>	<u>308,077</u>
<b>iii) Employee costs during the year amounted to:</b>		
Wages & salaries	1,133,912	944,299
Social security costs	129,457	106,346
Pension contributions	<u>5,486</u>	<u>14,158</u>
	<u>1,268,855</u>	<u>1,064,803</u>
<b>iv)</b> The average number of employees during the year was 60 (1998 - 55).		
<b>v)</b> There is one director who is accruing benefits under a defined benefits scheme.		
<b>vi)</b> 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 1999

<b>4.</b>	<b>TAXATION</b>	<b>1999</b>	<b>1998</b>
		£	£
	Taxation based on the adjusted profit for the year:		
	Corporation tax @ 24.8%	<u>38,787</u>	<u>63,994</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.

**5. EXTRAORDINARY ITEM**

This represents the amount of the current asset investment written down as set out in note 10. The amount is made up as follows:-

	£
Reduction in value of investment	29,500
Taxation credit	<u>(9,661)</u>
<b>Charge in accounts</b>	<u><b>19,839</b></u>

<b>6.</b>	<b>TANGIBLE FIXED ASSETS</b>	<b>Land &amp; Buildings</b>	<b>Computer Equipment</b>	<b>Fixtures &amp; Fittings</b>	<b>Plant &amp; Machinery</b>	<b>Motor Vehicles</b>	<b>Total</b>
		£	£	£	£	£	£
	<b>Cost/ revaluation</b>						
	At 1 January 1999	710,878	157,571	127,989	99,775	109,563	1,205,776
	Additions	192,326	48,543	15,720	17,522	--	274,111
	Revaluation	289,122					289,122
	Disposals					(17,040)	(17,040)
	<b>At 31 December 1999</b>	<u><b>1,192,326</b></u>	<u><b>206,114</b></u>	<u><b>143,709</b></u>	<u><b>117,297</b></u>	<u><b>92,523</b></u>	<u><b>1,751,969</b></u>
	<b>Depreciation</b>						
	At 1 January 1999	24,878	76,763	57,084	32,722	48,925	240,372
	Charge for the year	15,602	32,338	21,656	21,144	13,526	104,266
	Disposals					(10,508)	(10,508)
	<b>At 31 December 1999</b>	<u><b>40,480</b></u>	<u><b>109,101</b></u>	<u><b>78,740</b></u>	<u><b>53,866</b></u>	<u><b>51,943</b></u>	<u><b>334,130</b></u>
	<b>Net Book Values</b>						
	<b>At 31 December 1999</b>	<u><b>1,151,846</b></u>	<u><b>97,013</b></u>	<u><b>64,969</b></u>	<u><b>63,431</b></u>	<u><b>40,580</b></u>	<u><b>1,417,839</b></u>
	<b>At 31 December 1998</b>	<u><b>686,000</b></u>	<u><b>80,808</b></u>	<u><b>70,905</b></u>	<u><b>67,053</b></u>	<u><b>60,638</b></u>	<u><b>965,404</b></u>

The existing freehold property was valued in April 2000 at £1,000,000 by Copping Joyce, 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 1999

### 7. FIXED ASSET INVESTMENTS

<b>Cost</b>	<b>£</b>
At 1 January 1999 and 31 December 1999	<u><u>800,187</u></u>

#### Subsidiary undertakings

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

At 31 December 1999, the aggregate of the share capital and reserves of Alison Hayes (Romania) SA amounted to £835,765 and the profit for the year to that date was £98,540.

Alison Hayes (Brittanica) SA has not yet commenced trading and at 31 December 1999 had net assets of £104,672.

### 8. STOCK

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

	1999 £	1998 £
Fabric and trimmings	1,366,229	929,610
Finished goods	370,096	350,474
Goods in transit	120,329	63,179
Work in progress	45,607	386,133
	<u>1,902,261</u>	<u>1,729,396</u>

### 9. DEBTORS

Trade debtors	357,972	682,279
Amounts owed by group undertakings	115,423	283,829
Other debtors	123,774	90,820
Prepayments	116,915	42,752
	<u>714,084</u>	<u>1,099,680</u>

Debtors include amounts of £6,100 falling due after more than one year.

### 10. CURRENT ASSET INVESTMENTS

These comprise investment in shares of a company listed on the London Stock Exchange at cost. The market value at 31 December 1999 was £43,500 and at the date of signing the accounts the current market value of the listed investment is £19,000 and the fall in value has been adjusted in the accounts. The directors are confident that this company has good long term prospects and expect the share price to increase.

## ABLEROSE LIMITED

### Notes forming part of the Accounts for the year ended 31 December 1999

<b>11.</b>	<b>CREDITORS</b>	<b>1999</b>	<b>1998</b>
		£	£
	<b>Amounts falling due within one year</b>		
	Bank loan	120,610	54,744
	Bank overdraft	253,073	13,269
	Trade creditors	1,407,161	1,269,592
	Amounts owed to group undertakings	1,043,208	1,081,525
	Customs & Excise – VAT	219,528	279,928
	Inland Revenue – PAYE & NIC	36,191	40,138
	Corporation tax	29,126	63,994
	Other creditors & accruals	150,867	90,152
		3,259,764	2,893,342

<b>12.</b>	<b>CREDITORS</b>		
	<b>Amounts falling due after more than one year</b>		
	Bank loan - repayable between 1-5 years	--	108,601
	Amount owed to group undertakings	500,000	500,000
	Other creditors	--	62,883
		500,000	671,484

The bank 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.

The company made voluntary payments towards the loan of £100,000 by 31 December 1999.

The loan was cleared after the year end from the continued profits generated by the company.

<b>13.</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>14.</b>	<b>REVALUATION RESERVE</b>		
	At 1 January 1999	166,986	
	Surplus on revaluation of property (note 6)	<u>289,122</u>	
	At 31 December 1999	<u>456,108</u>	

## ABLEROSE LIMITED

Notes forming part of the Accounts  
for the year ended 31 December 1999

### 15. SHAREHOLDERS FUNDS

Reconciliation of movements in shareholders' funds	1999 £	1998 £
<b>Profit for the financial year after taxation</b>	<b>140,717</b>	156,234
Other recognised gains relating to the year	<b>289,122</b>	--
	<hr/> <b>429,839</b>	<hr/> 156,234
Opening shareholders' funds at 1 January 1999	<hr/> <b>1,136,844</b>	<hr/> 980,610
	<hr/> <b>1,566,683</b>	<hr/> 1,136,844
	<hr/> <hr/> <b>1,566,683</b>	<hr/> <hr/> 1,136,844

### 16. 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	<b>426,060</b>	894,306
Alison Hayes (Romania) SA	<b>1,074,386</b>	967,416
	<hr/> <b>1,500,446</b>	<hr/> 1,861,722
	<hr/> <hr/> <b>1,500,446</b>	<hr/> <hr/> 1,861,722

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

Alison Hayes (Romania) SA	<b>36,602</b>	243,829
Alison Hayes (Brittanica) SA	<b>78,821</b>	40,000
	<hr/> <b>115,423</b>	<hr/> 283,829
	<hr/> <hr/> <b>115,423</b>	<hr/> <hr/> 283,829

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

Synek Limited	<b>920,793</b>	993,658
Alison Hayes (Romania) SA	<b>122,415</b>	87,867
	<hr/> <b>1,043,208</b>	<hr/> 1,081,525
	<hr/> <hr/> <b>1,043,208</b>	<hr/> <hr/> 1,081,525
Amount included in long term creditors		
Synek Limited – subordinated loan	<b>500,000</b>	500,000
	<hr/> <hr/> <b>500,000</b>	<hr/> <hr/> 500,000

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