

Alison Hayes (UK) Limited

**Directors' report and financial
statements**

Registered number 02241601

31 December 2011

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Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2011

Principal activity

The principle activity of the company continued to be that of designers, manufacturers and wholesalers of high quality lady garments

Business review

The results of the year and the financial position at the year-end have improved over the last year and the directors expect future growth in the coming years

The key financial performance indicators for the last three years are as follows

Financial highlights	2011	2010	2009
	£	£	£
Gross Sales	32,129,274	30,041,349	30,440,042
Turnover	31,548,477	29,261,858	29,922,146
Gross Profit	3,916,664	3,288,274	2,502,988
Gross Profit margin (% to gross sales)	12.2%	10.9%	8.2%
Loss before tax	(334,199)	(790,650)	(1,273,502)
Loss for the financial year	(111,030)	(790,650)	(1,152,080)

Gross Sales to 31 December 2011 of £32million show an increase of 7.0% over the previous year. The primary drivers of sales growth were the increased focus on high volume orders and fast lead time.

The Directors appreciate the growth in the gross sales and turnover as good considering the difficult economic environment.

Gross profit margin increased by 130 basis points (bps) in 2011 compared with 2010. This was due to the increased competitiveness in the raw material and manufacturing costs.

The loss before tax has been reduced and we estimate a return to profit from 2012. Therefore we have recognized in the financial statements a deferred tax asset of £223,169 in line with our budget estimates for the future years.

The director's financial risk management objective is to maximise financial assets and minimize financial liabilities whilst not engaging in speculative transactions.

The overdraft position year-on-year has been improved by £0.6 million as a result of better working capital management. Trade debtors are managed by credit and risk cash flow policies concerning the amount of credit offered to customers and the regular monitoring of amounts outstanding, both for time and credit limits.

Results and dividends

The results are set out on page 6.

The directors do not recommend payment of dividends (2010: £200,000).

Directors' report (continued)

Principle risks and uncertainties

Below are the principle risks and uncertainties that could affect the business performance and our mitigating activities

Economic conditions

The volatile economic outlook for 2012 is expected to continue. Within the UK, consumers are adjusting their spending pattern in response to changes in their disposable income. The economic environment could widen the possible company's forecast outcome in respect of sales and margins. Alison Hayes UK has already mitigated this impact by developing new client relationships and keeping the right mix between high volume orders and short lead time fashionable products. At the same time the company has reduced the operational costs by implementing strong stock control policies and tight material procurement terms. Through our subsidiary Alison Hayes Romania we enlarged our production capacities (Vietnam and Romania) and ensure achievement of competitive manufacturing costs that match clients' price demands and various product requirements. As a result the gross profit margin has improved in 2011 and we estimate to keep this stable in 2012 despite the difficult economic environment.

We will continue to maintain our competitiveness by excelling in design, quality and reliability.

Other mitigating activities

- Periodic review of key customer metrics: product, price and volume
- Monthly monitoring of accounts performance against budget

Consumer preferences

The UK market is set to grow in importance for fast fashion and short orders. Requests for fast lead time orders could be difficult to achieve due to higher manufacturing cost.

Mitigating activities

- Through its subsidiary, Alison Hayes UK has a strong manufacturing base in Romania that serves profitable fast lead time orders.
- As a group, we will continue to invest in modern production facilities and upgrade people skills in order to ensure efficient manufacturing.

Operational Cost

Cost of raw materials and product making may be more challenging in the future.

Considerable cost savings have been made in the last 2 years by implementing lean manufacturing procedures. Looking ahead we will continue to focus on cost reduction opportunities in the area of material cost savings and overseas production cost.

Credit Risk

Credit risk arises when a failure by counterparties to discharge their obligation could reduce the amount of future cash inflows from financial assets on hand at the reporting date.

The company has no significant risk of concentration of credit risk. Cash balances are held with high credit quality financial institutions and the company has policies to limit the amount of credit exposure to any financial institution.

Trade and other receivables

The Company's exposure to credit risk is mainly influenced by the characteristics of each customer. The company has policies in place to ensure that sales of products are made to the customers with appropriate credit history and monitors on a constant basis the aging profile of its receivables.

Reputation risk

The risk of loss of reputation arising from the negative publicity relating to the Company's operations (whether true or false) could result in a reduction of its clientele, reduction in turnover and legal cases against the Company. The Company applies ethical procedures to minimise this risk.

Directors' report (continued)

Market value of land and buildings.

In the opinion of the Directors the land and buildings are reflected in the accounts at fair market value. The company's main asset at Liverpool Road, London N1 1NL was re valued in July 2010 by Mr RC Rogers, Chartered Surveyor at £ 1.5 m. This amount has been included in the financial statements.

Future developments.

The directors aim to maintain the management policies which have resulted in the company's substantial growth in recent years. They consider the next year will show a substantial growth in sales.

Directors

The directors who held office during the year were as follows:

Mr Evelthon Vassiliou
Mr Robert Chamberlain
Mr George Vassiliou
Ms Julie Thompson
Ms Sara Laurell
Mr Nicholas Georgiades
Mr Chnsis Nicolaou
Ms L Tvrtkovic Sahin
Ms Basola Valles

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

KPMG LLP were appointed as auditors after the year end. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Mr Evelthon Vassiliou
Director

Global House
303 Ballards Lane
London
N12 8NP

14 May 2012

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK 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 and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities



Independent auditor's report to the members of Alison Hayes (UK) Limited

We have audited the financial statements of Alison Hayes (UK) Limited for the year ended 31 December 2011 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 Directors' Responsibilities Statement set out on page 4, 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 Auditing Practices Board's (APB'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 APB's website at <http://www.frc.org.uk/apb/scope/private.cfm>

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 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

Anna Burman (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

8 Salisbury Square, London, EC4Y 8BB

22 May 2012

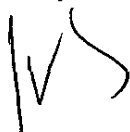
Profit and Loss Account
for the year ended 31 December 2011

	<i>Note</i>	2011	2010
		£	(Represented) £
Gross sales		32,129,274	30,041,349
Discounts		(580,797)	(779,490)
Turnover	2	<u>31,548,477</u>	29,261,859
Cost of sales		(27,631,813)	(25,973,585)
Gross profit		<u>3,916,664</u>	3,288,274
Distribution costs		(2,577,906)	(2,493,457)
Administrative expenses		(1,571,643)	(1,467,020)
Other operating income		90	7,200
Operating loss		<u>(232,795)</u>	(665,003)
Income from other fixed asset investments	6	4,891	1,368
Other interest receivable and similar income	7	56	81
Interest payable and similar charges	8	(106,351)	(127,096)
Loss on ordinary activities before taxation		<u>(334,199)</u>	(790,650)
Tax on profit on ordinary activities	9	223,169	-
Loss for the financial year	21	<u><u>(111,030)</u></u>	<u><u>(790,650)</u></u>

Balance Sheet
at 31 December 2011

	<i>Note</i>	2011		2010	
		£	£	£	£
Fixed assets					
Tangible assets	<i>11</i>		1,619,091		1,618,045
Investments	<i>12</i>		2,665,210		2,665,210
			<hr/>		<hr/>
			4,284,301		4,283,255
Current assets					
Stocks	<i>13</i>	262,445		481,101	
Debtors	<i>14</i>	4,515,742		4,420,674	
Investments	<i>15</i>	6,771		50,000	
Cash at bank and in hand		107,521		126,536	
			<hr/>		<hr/>
		4,892,479		5,078,311	
Creditors amounts falling due within one year	<i>16</i>	(3,920,709)		(3,886,189)	
			<hr/>		<hr/>
Net current assets			971,770		1,192,122
			<hr/>		<hr/>
Total assets less current liabilities			5,256,071		5,475,377
Creditors: amounts falling due after more than one year	<i>17</i>		(926,795)		(1,035,071)
			<hr/>		<hr/>
			4,329,276		4,440,306
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	<i>19</i>		1,000,000		1,000,000
Revaluation reserve	<i>21</i>		1,181,553		1,181,553
Profit and loss account	<i>21</i>		2,147,723		2,258,753
			<hr/>		<hr/>
Shareholders' funds	<i>20</i>		4,329,276		4,440,306
			<hr/>		<hr/>

These financial statements were approved by the board of directors on **14 MAY** 2012 and were signed on its behalf by



Mr Evelthon Vassilou
Director

Company registered number 02241601

Note of Historical Cost Profits and Losses
for the year ended 31 December 2011

	2011	2010
	£	£
Reported loss on ordinary activities before taxation	(111,030)	(790,650)
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	10,876	6,810
Historical cost loss on ordinary activities before taxation	(100,154)	(783,840)
Historical cost loss for the year retained after taxation and dividends	(100,154)	(983,840)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary of Synek Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group

Certain items in 2010 have been re-presented in these financial statements to ensure comparability with the current year presentation. This has resulted in no impact to the gross margin or loss for the financial year

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services in relation to the Company's principal activity, net of VAT and settlement discounts. Discounts offered to customers in compensation of their contribution to the supply chain such as stocking and distributing the goods are reported in the cost of goods sold

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life as follows

Freehold buildings	50 years straight line
Plant and machinery	25% reducing balance
Fixtures, fittings, tools & equipment	25% reducing balance
Motor vehicles	25% reducing balance

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value

1.6 Stock

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items

1.7 Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

1.8 Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Notes (continued)

1 Accounting policies (continued)

18 Taxation (continued)

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

19 Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

110 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company is exempt from the requirement to prepare group accounts by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Synek Limited, a company incorporated in Cyprus, and its results are included in the consolidated accounts of that company.

2 Analysis of turnover

The total turnover of the company has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Notes to the profit and loss account

	2011 £	2010 £
<i>Loss on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation and other amounts written off tangible fixed assets	58,250	57,407
(Gain)/loss on foreign exchange transactions	(9,126)	13,531
Auditors' remuneration	20,000	16,000
Profit on disposal of tangible assets	-	(10,496)
Impairment of investments (held as current assets)	43,229	-
	58,250	57,407

4 Remuneration of directors

	2011 £	2010 £
Directors' emoluments	368,750	534,201
Company contributions to money purchase pension schemes	28,475	40,725
	397,225	574,926

Emoluments disclosed above include £160,000 (2010 £164,320) paid to the highest paid director. Company pension contributions of £12,000 (2010 £21,000) were made to a money purchase scheme on his behalf.

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2010 3).

Notes (continued)

5 Staff numbers and cost

The average number of persons employed by the Company (including directors) during the year was as follows

Number of employees	
2011	2010
73	70
<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows

	2011	2010
	£	£
Wages and salaries	2,600,440	2,552,246
Social security costs	276,008	278,782
Other pension costs	57,519	57,168
	<u>2,933,967</u>	<u>2,888,196</u>

6 Income from other fixed asset investments

	2011	2010
	£	£
Income from fixed asset investments	4,891	1,368
	<u> </u>	<u> </u>

7 Other interest receivable and similar income

	2011	2010
	£	£
Bank interest	56	81
	<u> </u>	<u> </u>

8 Interest payable and similar charges

	2011	2010
	£	£
On bank loans and overdrafts	74,279	90,284
On amounts payable to group companies	32,072	36,812
	<u>106,351</u>	<u>127,096</u>

Notes (continued)

9 Taxation

Analysis of charge in period

	2011	2010
	£	£000
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	-
	<hr/>	<hr/>
Total current tax	-	-
<i>Deferred tax (see note 14)</i>		
Origination/reversal of timing differences	(14,491)	-
Losses carried forward	238,110	-
	<hr/>	<hr/>
Total deferred tax	223,169	-
	<hr/>	<hr/>
Tax credit on profit on ordinary activities	223,169	-
	<hr/> <hr/>	<hr/> <hr/>

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2010 higher) than the standard rate of corporation tax in the UK (26.5% 2010 28%). The differences are explained below

	2011	2010
	£000	£000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(334,199)	(790,650)
	<hr/>	<hr/>
Current tax at 26.5% (2010 28%)	(88,563)	(221,382)
<i>Effects of</i>		
Expenses not deductible for tax purposes	(28,767)	(2,206)
Capital allowances for period in excess of depreciation	5,985	3,886
Utilisation of tax losses	-	(19,474)
Carry forward of tax losses	111,345	239,176
	<hr/>	<hr/>
Total current tax credit (see above)	-	-
	<hr/> <hr/>	<hr/> <hr/>

Factors that may affect future current and total tax charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012.

This will reduce the company's future current tax charge accordingly and further reduce the deferred tax asset at 31 December 2011 (which has been calculated based on the rate of 25% substantively enacted at the balance sheet date) by £8,927.

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

Notes (continued)

10 Dividends

The aggregate amount of dividends comprises

	2011 £	2010 £
Interim dividends paid in respect of the current year	-	200,000

11 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Fixtures, fittings, tools and equipment £	Motor vehicles £	Total £
Cost or valuation					
At beginning of year	1,500,000	459,687	500,555	65,720	2,525,962
Additions	-	58,486	810	-	59,296
Transfers	-	20,830	(20,830)	-	-
At end of year	<u>1,500,000</u>	<u>539,003</u>	<u>480,535</u>	<u>65,720</u>	<u>2,585,258</u>
Depreciation					
At beginning of year	-	430,589	439,356	37,972	907,917
Charge for year	23,919	18,434	7,784	8,113	58,250
Transfers	-	(9,231)	9,231	-	-
At end of year	<u>23,919</u>	<u>439,792</u>	<u>456,371</u>	<u>46,085</u>	<u>966,167</u>
Net book value					
At 31 December 2011	<u>1,476,081</u>	<u>99,211</u>	<u>24,164</u>	<u>19,635</u>	<u>1,619,091</u>
At 31 December 2010	<u>1,500,000</u>	<u>29,098</u>	<u>61,199</u>	<u>27,748</u>	<u>1,618,045</u>

The following information relates to tangible fixed assets carried on the basis of revaluations in accordance with FRS 15 *Tangible fixed assets*

Land and buildings

	2011 £	2010 £
Historical cost of revalued assets	573,892	573,892
Aggregate depreciation thereon	(170,530)	(157,487)
Historical cost net book value	<u>403,362</u>	<u>416,405</u>

In the prior year land and buildings included an investment property. The investment property was sold in June 2010 for £330,000. The realised gain was shown in the profit and loss account. The company's main asset at Liverpool Road, London N1 INL was revalued in July 2010 by Mr R C Rogers, Chartered Surveyor, at £1.5m. The valuation is reflected in the financial statements.

Notes (continued)

12 Fixed asset investments

	Shares in group undertakings £
<i>Cost and net book value</i>	
At 1 January 2011 and 31 December 2011	2,665,210

The company in which the Company's interest at the year end is more than 20% is as follows

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Alison Hayes (Romania) SRL	Romania	Manufacture of garments	Ordinary 99.96%

The aggregate amount of capital and reserves and the results of this undertaking for the last relevant financial year were as follows

	Capital and Reserves at 31/12/2011 £	Profit/(loss) for the year to 31/12/2011 £
Alison Hayes (Romania) SRL	9,018,626	560,076

13 Stocks

	2011 £	2010 £
Finished goods and goods for resale	262,445	481,101

14 Debtors

	2011 £	2010 £
Trade debtors	4,182,212	4,175,626
Other debtors	21,868	22,916
Prepayments and accrued income	87,945	98,896
Corporation tax	548	123,236
Deferred tax asset	223,169	-
	4,515,742	4,420,674

Notes (continued)

14 Debtors (continued)

The company has losses carried forward of £1,778,700 (2010 £1,526,357) of which £952,441 have been recognised as a deferred tax asset (2010 no deferred tax asset was recognised in the financial statements due to uncertainty over the recoverability)

15 Investments (held as current assets)

	2011 £	2010 £
Listed investments	6,771	50,000

At the date of signing the financial statements the market value of the listed investments was approximately £3,621 (2010 £48,069)

16 Creditors amounts falling due within one year

	2011 £	Represented 2010 £
Bank loans and overdrafts	1,853,810	2,485,000
Trade creditors	39,004	95,216
Amounts owed to parent undertaking	138,000	150,200
Amounts owed to subsidiary undertaking	1,140,494	674,802
Taxation and social security	485,008	379,997
Other creditors	18,383	8,772
Accruals and deferred income	246,010	92,202
	3,920,709	3,886,189

The bank overdraft and other facilities are secured by a first legal charge over the company's freehold property

17 Creditors amounts falling due after more than one year

	2011 £	2010 £
Other loans – amounts owed to parent undertaking	926,795	1,035,071
Analysis of loans		
Repayable after five years by instalments	373,156	434,271
Wholly repayable within five years	691,639	751,000
	1,064,795	1,185,271
Included in current liabilities	(138,000)	(150,200)
	926,795	1,035,071

Notes (continued)

17 Creditors amounts falling due after more than one year (continued)

	2011	2010
	£	£
Loan maturity analysis		
In more than one year but not more than two years	138,000	138,000
In more than two years, but not more than five years	415,639	462,800
In more than five years	373,156	434,271
	926,795	1,035,071
	926,795	1,035,071

In 2010 the company borrowed £1,280,000 from the parent company, Synek Limited, to finance the continued growth of the business. Interest is charged at a rate of 2.25% above the 3 month LIBOR rate. At 31 December 2011 the total outstanding balance was £1,064,795.

18 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2011	2010
	£	£
Contributions payable by the company for the year	57,519	57,168
	57,519	57,168
	57,519	57,168

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

19 Called up share capital

	2011	2010
	£	£
Authorised		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
	1,000,000	1,000,000
Allotted, called up and fully paid		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
	1,000,000	1,000,000
	1,000,000	1,000,000

Notes *(continued)*

20 Reconciliation of movement in shareholders' funds

	2011 £	2010 £
Loss for the financial year	(111,030)	(790,650)
Dividends on shares classified in shareholders' funds	-	(200,000)
	<hr/>	<hr/>
Retained loss	(111,030)	(990,650)
Other recognised gains and losses relating to the year	-	296,853
	<hr/>	<hr/>
Net reduction in shareholders' funds	(111,030)	(693,797)
Opening shareholders' funds	4,440,306	5,134,103
	<hr/>	<hr/>
Closing shareholders' funds	4,329,276	4,440,306
	<hr/> <hr/>	<hr/> <hr/>

21 Statement of movement on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 January 2011	1,181,553	2,258,753
Loss for the year	-	(111,030)
	<hr/>	<hr/>
Balance at 31 December 2011	1,181,153	2,147,723
	<hr/> <hr/>	<hr/> <hr/>

22 Related party disclosures

Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a wholly owned subsidiary undertaking of Synek Limited which is the ultimate controlling party and ultimate parent company incorporated in Cyprus

The only group in which the results of the Company are consolidated is that headed by Synek Limited. The consolidated financial statements of Synek Limited are available to the public and may be obtained from Stavros Avenue 56 Kariadides Trading Centre, Block A2, Flat 105, Strovolos, Nicosia, Cyprus

Related party transactions

During the year the company purchased goods in the ordinary course of business from Alison Hayes (Romania) SRL, a subsidiary undertaking, totalling £24,273,820 (2010 £22,223,908). The company recharged £263,679 (2010 £204,956) of costs incurred to Alison Hayes (Romania) SRL. At the balance sheet date the amount owing to Alison Hayes (Romania) Srl was £1,140,694 (2010 £674,802)