

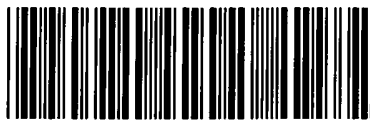
**Alison Hayes (UK) Limited**

**Annual report and financial statements**

**Registered number 02241601**

**31 December 2017**

THURSDAY



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## Strategic report

The Directors present the strategic report of Alison Hayes (UK) Limited (the ‘Company’) for the year ended 31 December 2017.

### Company performance and business review

We want Alison Hayes to be recognised by our customers as their preferred supplier of affordable women’s fashion.

Our Company strategy is achieved by excelling in design, quality and reliability.

**Design:** we embrace the philosophy of the “fast fashion” system that combines: highly fashionable (“trendy”) product design with short production and distribution lead time. We achieve the trendy product design by continually monitoring customers and industry trends.

**Quality:** we are committed to deliver to our customers’ high quality product that meets their expectations. To achieve this, we maintain a quality management system from development, planning, design and manufacturing to sales and customer service.

**Reliability:** we deliver in accordance with our design specifications and commercial commitments. We aim to comply with all applicable laws and regulations and all of our actions are transparent and in accordance with our binding principles of ethical behaviour.

### Key performance indicators

We measure and compare the success of our company based on a target KPI system that defines indicators for turnover growth, profitability and working capital.

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

Financial highlights	2017	2016	2015
	£	£	£
Gross Sales	37,094,263	40,266,525	38,947,295
Turnover	35,776,776	37,265,072	35,965,466
<b>Gross Profit</b>	<b>3,640,702</b>	<b>4,259,993</b>	<b>4,759,150</b>
Gross Profit margin (% to gross sales)	9.8%	10.6%	12.2%
<b>Profit / (Loss) before tax</b>	<b>(423,696)</b>	<b>(136,211)</b>	<b>(326,167)</b>
<b>Profit / (Loss) for the financial year</b>	<b>(378,658)</b>	<b>(150,591)</b>	<b>(271,277)</b>

**Turnover:** Turnover to 31 December 2017 of £35.8 million shows a decrease of 4% from the previous year. This is a reflection of a challenging trading year in UK and our underperformance in some product lines.

**Gross profit margin:** The overall product margin has been reduced to 9.8% as a result of continued market pressures and economic factors.

**Profit / (loss) before tax:** The Company made a loss driven by a challenging year for the UK businesses. While, we are prepared for volatility in the next year we have managed to list new customers and reduce our overheads in order to restore profitability from 2018.

**Working Capital:** Net current assets have decreased reflecting an extremely challenging year.

## Strategic report (continued)

### **Principle risks and uncertainties:**

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

#### ***Brexit:***

On 23 June 2016, the UK electorate voted to discontinue its membership of the EU. Until such time that the terms of the exit are determined, the full consequence remains unknown. As a result of the decision to leave the EU, the Company has been exposed to fluctuation in exchange rates given the volatility in GBP.

Mitigating activities:

Alison Hayes has hedged the exposure of the GBP Sterling and Romanian RON pertaining to the manufacturing and production costs in Romania through its subsidiary, Alison Hayes Romania.

The company expects a shift from mid-high priced value orders to low-mid priced and high volume orders as consumer spending will tighten. To accommodate this change, Alison Hayes invested in its Vietnam operational infrastructure as well as expanding the manufacturing subcontracting to Moldova.

#### ***Economic conditions:***

The UK economy has slowed over the past 12 months due to the increase in inflation stemming from the drop in the pound, which has squeezed household disposable incomes. The mixed economic conditions has also impacted the retail environment and so has the uncertainties coming from Europe and China.

However, we anticipate a return to growth in 2018 despite increased pressure on retail prices in connection with the general fall in the UK Consumer Price Index.

Mitigating activities:

- Increased competitiveness on products to ensure good value for money
- Development of new clients to diversify the client portfolio

#### ***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 costs.

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/techniques and upgrade people skills in order to ensure efficient manufacturing.

#### ***Operational Cost:***

Our costs are subject to fluctuations, particularly due to changes in commodity prices, raw materials, labour costs, exchange and interest rates.

Mitigating activities:

- Our success is dependent, in part, on our continued ability to manage these fluctuations through pricing actions, cost savings projects, sourcing decisions and certain hedging transactions.
- We also must manage our currency exposure in Romania and the Far East.
- We need to maintain key manufacturing and supply arrangements and successfully manage our Company production site.
- We must implement and sustain cost improvement plans that will help to reduce general overheads and increase competitiveness through cost leadership.

## Strategic report (continued)

### *Ability to achieve business plans:*

We manufacture consumer products and rely on continued demand for our design ideas and products. To achieve our business targets we need to design, develop and sell products that appeal to the retail consumer.


#### Mitigating activities:

We are continuously investing in design and new product development as well as in new technologies to provide to our customers competitive, leading products. To address the challenges of a competitive market we must respond to competitive factors such as fashion trends, pricing, lead time and quality.

### *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.

By order of the board



**Evelthon Vassiliou**  
Director

361B-363B Liverpool Road  
London  
N1 1NL  
21 May 2018

## **Directors' report**

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

### **Principal activity:**

The principle activity of the Company continued to be that of designing, manufacturing and wholesalers of high quality garments for women.

### **Business review:**

The comprehensive business analysis has been provided in the Strategic Report. The Directors anticipates that the Company will return to growth in the next year and recognise the overall performance as favourable considering the current economic environment.

### **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 revalued in February 2016 by an independent valuer Strettons Chartered Surveyors at £4.9m. 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.

### **Results and dividends:**

The results are set out on page 9.

The directors do not recommend payment of dividends (2016: £Nil).

### **Arrangement to promote training and equal opportunities**

Alison Hayes is committed to creating a diverse environment and is proud to be an equal opportunity employer. All employees have received equal consideration for recruitment, development and promotion with regard to race, colour, religion, gender, disability, sexual orientation, national origin or age.

The Company has the following arrangements for training staff:

**Introduction training:** all the employees receive an invitation to attend an induction workshop on their entrance to the business.

**External consultant led training:** Extensive needs are reviewed during the appraisal process and the Company has a training scheme for the business departments, teams and individuals.

## Directors' report *(continued)*

### Directors

The directors who held office as at 31 December 2017 and approved the financial statements were as follows:

Mr Evelthon Vassiliou  
Mr Robert Chamberlain  
Mr George Vassiliou  
Mr Nicholas Georghiades  
Ms L Tvrtkovic Sahin  
Mrs Tina Bower – Resigned (28/06/17)  
Ms Julie Thompson – Resigned (28/06/17)

### Political contributions

The Company made no political donations or incurred any disclosable political expenditure during the year.

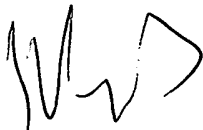
### Disclosure of information to auditors

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 auditor is 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 auditor is aware of that information.

### Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



**Evelthon Vassiliou**  
*Director*

361B-363B Liverpool Road  
London  
N1 1NL  
21 May 2018

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.





## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALISON HAYES (UK) LIMITED

### Opinion

We have audited the financial statements of Alison Hayes (UK) Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

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 UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Ashley Rees**  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
15 Canada Square  
London,  
E14 5GL  
22 May 2018

**Profit and Loss Account**  
*for the year ended 31 December 2017*

	<i>Note</i>	<b>2017</b> £	2016 £
Gross sales		<b>37,094,263</b>	40,266,525
Discounts		<b>(1,317,487)</b>	(3,001,453)
<b>Turnover</b>	2	<u><b>35,776,776</b></u>	<u>37,265,072</u>
Cost of sales		<b>(32,136,074)</b>	(33,005,079)
<b>Gross profit</b>		<u><b>3,640,702</b></u>	<u>4,259,993</u>
Administrative expenses- Design costs		<b>(1,874,920)</b>	(2,221,879)
Administrative expenses- Selling and other		<b>(2,006,143)</b>	(2,202,861)
Other operating income		<b>23,602</b>	70,607
<b>Operating loss</b>		<u><b>(216,759)</b></u>	<u>(94,140)</u>
Other interest receivable and similar income	6	-	4
Interest payable and similar charges	7	<b>(154,287)</b>	(225,827)
Foreign exchange gain / (loss)		<b>(52,650)</b>	183,752
<b>Loss on ordinary activities before taxation</b>	3	<u><b>(423,696)</b></u>	<u>(136,211)</u>
Tax on profit on ordinary activities	8	<b>45,038</b>	(14,380)
<b>Loss for the financial year</b>	19	<u><u><b>(378,658)</b></u></u>	<u><u>(150,591)</u></u>

All the Company's activities relate to continuing operations.  
The notes on pages 13 to 25 form part of these financial statements.

**Other Comprehensive Income**  
*for the year ended 31 December 2017*

	<i>Note</i>	<b>2017</b> £	<b>2016</b> £
<b>Loss for the year</b>	20	<b>(378,658)</b>	<b>(150,591)</b>
Deferred taxation on past revaluation gains	8	-	(678,163)
<b>Other comprehensive income for the year</b>		-	<b>(678,163)</b>
<b>Total comprehensive loss for the year</b>		<b>(378,658)</b>	<b>(828,754)</b>

**Balance Sheet**  
at 31 December 2017

	Note	2017		2016	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		4,994,800		5,040,012
Investments	10		191		2,665,504
			<u>4,994,991</u>		<u>7,705,516</u>
<b>Current assets</b>					
Stocks	11	102,274		97,475	
Debtors	12	3,314,159		3,237,383	
Investments	13	-		1,827	
Cash at bank and in hand		7,811		36,846	
			<u>3,424,244</u>		<u>3,373,531</u>
<b>Creditors: amounts falling due within one year</b>	14	(533,871)		(2,666,691)	
			<u>2,890,373</u>		<u>706,840</u>
<b>Net current assets</b>					
			<u>7,885,364</u>		<u>8,412,356</u>
<b>Total assets less current liabilities</b>					
<b>Creditors: amounts falling due after more than one year</b>	15		(1,704)		(105,000)
<b>Provisions for liabilities</b>					
Deferred tax liability	8		(607,304)		(652,342)
			<u>7,276,356</u>		<u>7,655,014</u>
<b>Net Assets</b>					
			<u>7,276,356</u>		<u>7,655,014</u>
<b>Capital and reserves</b>					
Called up share capital	18	1,000,000		1,000,000	
Revaluation reserve	20	3,555,389		3,555,389	
Profit and loss account	20	2,720,967		3,099,625	
			<u>7,276,356</u>		<u>7,655,014</u>
<b>Shareholders' funds</b>	19		<u>7,276,356</u>		<u>7,655,014</u>

The notes on pages 13 to 25 form part of these financial statements.

These financial statements were approved by the board of directors on 21 May 2017 and were signed on its behalf by:



**Evelthon Vassiliou**  
Director  
Company registered number 02241601

## Statement of Changes in Equity

	Called up Share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
Balance at 1 January 2016	1,000,000	4,233,552	3,250,216	8,483,768
<b>Total comprehensive income for the period</b>				
Loss for the year	-	-	(150,591)	(150,591)
Revaluation of property	-	(678,163)	-	(678,163)
	-----	-----	-----	-----
Total comprehensive income for the period	-	(678,163)	(150,591)	(828,754)
	-----	-----	-----	-----
<b>Balance at 31 December 2016</b>	<b><u>1,000,000</u></b>	<b><u>3,555,389</u></b>	<b><u>3,099,625</u></b>	<b><u>7,655,014</u></b>

	Called up Share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
Balance at 1 January 2017	1,000,000	3,555,389	3,099,625	7,655,014
<b>Total comprehensive income for the period</b>				
Loss for the year	-	-	(378,658)	(378,658)
	-----	-----	-----	-----
Total comprehensive income for the period	-	-	(378,658)	(378,658)
	-----	-----	-----	-----
<b>Balance at 31 December 2017</b>	<b><u>1,000,000</u></b>	<b><u>3,555,389</u></b>	<b><u>2,720,967</u></b>	<b><u>7,276,356</u></b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Alison Hayes (UK) Limited (the “Company”) is a company limited by shares and incorporated and domiciled in England in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

The Company’s ultimate parent undertaking, Synek Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Synek Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from P.O. Box 28566, Nicosia 2080, Cyprus. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### 1.1 Measurement convention

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

#### 1.2 Going concern

The Directors consider that the Company have adequate resources to remain in operation for the foreseeable future and have therefore continue to adopt the going concern basis in preparing the financial statements.

The Directors foresee sales growth in 2018 generated from consolidation of market share with existing customers as well as development of new clients to diversify the client portfolio through increased competitiveness on products to ensure good value for money.

Expecting a shift from perceived higher value orders to volume orders as consumer spending will tighten, Alison Hayes invested in Vietnam operational infrastructure as well as expanding the manufacturing subcontracting to Moldova.

The aim to become a more agile and flexible organization that will result in improved working capital. The Directors are looking to implement and sustain cost improvement plans that will help to reduce general overheads and increase competitiveness through cost leadership

#### 1.3 Compliance with accounting standards

The financial statements are prepared in accordance with Financial Reporting Standards 102 applicable in the UK and the Republic of Ireland, which have been applied consistently (except as otherwise stated).

#### 1.4 Turnover

Turnover represents amounts receivable for goods in relation to the Company’s principal activity, net of VAT and settlement discounts. Revenue is recognised at either dispatch or delivery to the customer depending on the applicable shipping terms. 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.5 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 or 50 years straight line
Motor vehicles	25% reducing balance

#### Revaluation

The Company's main asset at Liverpool Road, London, N1 1NL is stated at fair value less any subsequent accumulated depreciation and impairment losses.

Gains on revaluation are recognised in other comprehensive income and accumulated in revaluation reserve. However, the depreciation movement is recognised in profit or loss.

Revaluations are carried out every three years by a professional and the carrying amount is annually reviewed for impairment.

#### 1.6 Investments

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

#### 1.7 Stock

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

#### 1.8 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.

#### 1.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.



## Notes (continued)

### 1 Accounting policies (continued)

#### 1.10 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.

#### 1.11 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.

#### 1.12 Operating Leases

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

#### 1.13 Basic financial instruments

##### *Trade debtors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

The Company has an invoice discounting arrangement with a maximum credit limit of £7,000,000 but not greater than the debtor ledger at any point in time. The Company is entitled to pre pay up to 90% of the credit limit based on existing receivable and after deducting the following:

- the value of the ineligible debts
- standard retention
- any amounts on Company responsibility

The provider of the finance has agreed in writing that it will seek repayment of the finance, as to both principal and interest, only to the extent that sufficient funds are generated by the specific item it has financed and that it will not seek recourse in any other form.

The arrangement in place meets the requirement of FRS102 Section 11 to de-recognise the assets covered by the arrangement and therefore these balances are presented on a net basis in the financial statements.

##### *Trade and other creditors*

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### *Listed Investments*

Listed investments are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are remeasured at fair value with any gains or losses taken to the profit and loss account.

**Notes** (continued)

**2 Analysis of turnover**

The total turnover of the Company has been derived from the sale of goods and is wholly undertaken in the United Kingdom.

**3 Notes to the profit and loss account and other comprehensive income**

	2017	2016
	£	£
<i>(Loss) on ordinary activities before taxation is stated after charging:</i>		
Depreciation and other amounts written off tangible fixed assets:		
Depreciation on historic cost	94,185	173,033
Auditor's remuneration	25,000	23,900
Operating lease expense	27,551	35,523
	96,736	232,456

**4 Remuneration of directors**

	2017	2016
	£	£
Directors' emoluments	709,602	705,342
Company contributions to money purchase pension schemes	36,547	35,601
	746,149	740,943

Emoluments disclosed above include £285,200 (2016: £371,500) paid to the highest paid director. Company pension contributions of £18,750 (2016: £18,750) were made to a money purchase scheme on their behalf.

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2016: 3).

**Notes (continued)**

**5 Staff numbers and cost**

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

	Number of employees	
	2017	2016
Design Room	44	49
Sales	18	17
Admin	3	4
Production	13	12
Directors	5	7
	83	89
	83	89

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£	£
Wages and salaries	3,381,616	3,527,355
Social security costs	358,528	408,311
Other pension costs	67,451	70,243
	3,807,595	4,005,909
	3,807,595	4,005,909

**6 Other interest receivable and similar income**

	2017	2016
	£	£
Bank interest	-	4
	-	4
	-	4

**7 Interest payable and similar charges**

	2017	2016
	£	£
On bank loans and overdrafts	102,712	134,965
On amounts payable to group companies	-	4,724
Bank charges	51,575	86,138
	154,287	225,827
	154,287	225,827

**Notes** *(continued)*

**8 Taxation**

*Analysis of charge in period*

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
 Total current tax	 -	 -
<i>Deferred tax (see note 8)</i>		
Origination/reversal of timing differences	<b>(46,959)</b>	12,225
Adjustment in respect of prior periods	<b>1,921</b>	(83)
Effect of tax rate change on operating balance	-	2,238
 Total deferred tax charge	 <b>(45,038)</b>	 14,380
 Tax charge/(credit) on profit on ordinary activities	 <b>(45,038)</b>	 14,380

	<b>2017</b>			<b>2016</b>		
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	<b>Current tax</b>	<b>Deferred tax</b>	<b>Total tax</b>	<b>Current tax</b>	<b>Deferred tax</b>	<b>Total tax</b>
Recognised in Profit and loss account	-	45,038	<b>45,038</b>	-	14,380	<b>14,380</b>
Recognised in other comprehensive income	-	-	-	-	678,163	<b>678,163</b>
 Total tax charge/(credit)	 -	 45,038	 <b>45,038</b>	 -	 (692,543)	 <b>(692,543)</b>

Deferred tax is recognised in Other Comprehensive Income relates to deferred tax on the fair value gain on the revaluation of property as required by FRS 102. Deferred tax at 31 December 2017 has been calculated based on 17% rate substantively enacted at the balance sheet date.

## Notes (continued)

### 8 Taxation (Continued)

#### Factors that may affect future current and total tax charges

The current tax charge for the period is lower (2016: higher) than the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £	2016 £
<i>Current tax reconciliation</i>		
Profit / (loss) on ordinary activities before tax	(423,696)	(136,211)
Current tax at 19.25% (2016: 20%)	<u>(81,547)</u>	<u>(27,242)</u>
<i>Effects of:</i>		
Fixed asset differences	21,843	30,525
Expenses not deductible for tax purposes	6,539	12,791
Other permanent timing differences	-	(1,690)
Other temporary timing differences	8,127	(4)
Total tax charge/(credit) included in profit or loss	<u><u>(45,038)</u></u>	<u><u>14,380</u></u>

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. A further reduction to the UK corporation tax rate was substantively enacted on 6 September 2016 to further reduce the tax rate to 17% (to be effective from 1 April 2020).

The Company has trading losses of £655,393 (2016: £430,506) available to utilise against future taxable profits.

	2017 £	2016 £
<b>Provision for deferred tax liability</b>		
Accelerated capital allowances	(44,216)	(50,088)
Short term timing differences	3,658	2,723
Other – property revaluation gain	(678,163)	(678,163)
Tax losses carried forward and other deductions	111,417	73,186
<b>Total deferred tax liability</b>	<b>(607,304)</b>	<b>(652,342)</b>
<b>Movement in provision</b>		
Provision at start of period asset/(liability)	(652,342)	40,201
Deferred tax charged in the Profit and Loss account for the period	45,038	(14,380)
Deferred tax charge in Statement of other comprehensive income for the period	-	(678,163)
Deferred tax liability	<u><u>(607,304)</u></u>	<u><u>(652,342)</u></u>

**Notes (continued)**

**9 Tangible fixed assets**

	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Motor vehicles	Total
	£	£	£	£	£
<i>Cost or valuation</i>					
At beginning of year	4,900,000	757,038	660,908	9,264	6,327,210
Additions	-	12,705	36,268	-	48,973
At end of year	<u>4,900,000</u>	<u>769,743</u>	<u>697,176</u>	<u>9,264</u>	<u>6,376,183</u>
<i>Depreciation</i>					
At beginning of year	66,933	667,617	548,137	4,511	1,287,198
Charge for year	66,750	5,363	21,295	777	94,185
At end of year	<u>133,683</u>	<u>672,980</u>	<u>569,432</u>	<u>5,288</u>	<u>1,381,383</u>
<i>Net book value</i>					
<b>At 31 December 2017</b>	<u><b>4,766,317</b></u>	<u><b>96,763</b></u>	<u><b>127,744</b></u>	<u><b>3,976</b></u>	<u><b>4,994,800</b></u>
At 31 December 2016	<u>4,833,067</u>	<u>89,421</u>	<u>112,771</u>	<u>4,753</u>	<u>5,040,012</u>

The following information relates to tangible fixed assets carried on the basis of revaluations in accordance with FRS102 Section 17 Property, Plant and Equipment.

**Land and buildings**

	2017	2016
	£	£
Historical cost of revalued assets	<u><b>973,423</b></u>	<u>973,423</u>

The Company's main asset at Liverpool Road, London N1 1NL was re-valued on the 11<sup>th</sup> February 2016 by Strettons, Chartered Surveyor, at £4.9m. The valuation is reflected in the financial statements. The directors followed independent advice and allocated 33% of the revaluation to land and 67% to buildings.

**Notes (continued)**

**10 Fixed asset investments**

The Company has the following investments in subsidiaries:

	Alison Hayes Romania SRL	Ruby & Ted Clothing Company Ltd	Print Box London Ltd	Total
	£	£	£	£
<b>Cost</b>				
At beginning of year	2,665,313	1	190	2,665,504
Disposals	(2,665,313)	-	-	(2,665,313)
At end of year	-	1	190	191
<b>Net book value</b>				
<b>At 31 December 2017</b>	-	1	190	191
At 31 December 2016	2,665,313	1	190	2,665,504

Alison Hayes (UK) Limited held 99.96% of shares of Alison Hayes (Romania) SRL amounting to £2,665,313. During the year ended 31 December 2017, these shares have been transferred to Synek Limited at cost and no gain/loss has been recognized on this transfer of investment in subsidiary.

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

	Country of incorporation	Principal activity	Holding	Percentage of Ordinary Shares Held
<b>Subsidiary undertakings</b>				
Ruby & Ted Clothing Company Limited	UK	Manufacture of garments	Ordinary £1 Share	100%
Print Box London Limited	UK	Manufacture of garments	Ordinary £1 Share	95%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and Reserves at 31/12/2017	Profit/(loss) for the year to 31/12/2017
	£	£
Ruby & Ted Clothing Company Limited	£673,719	(£358,598)
Print Box London Limited	£186,238	(£63,970)

**11 Stocks**

	2017	2016
	£	£
Finished goods and goods for resale	102,274	97,475

**Notes** *(continued)*

**12 Debtors**

	2017	2016
	£	£
Trade debtors	1,009,412	1,124,757
Other debtors	297,654	181,101
Prepayments and accrued income	192,232	103,132
Corporation tax	549	549
Loans granted to subsidiaries	1,814,312	1,827,844
	3,314,159	3,237,383
	3,314,159	3,237,383

The loans granted to subsidiaries by Alison Hayes (UK) Limited are interest free and repayable on demand.

**13 Current asset investments**

	2017	2016
	£	£
Listed investments	-	1,827
	-	1,827

The amount presented above represent the cost of the investments. During 2017, the investment has been written off as the fair value of investment is considered to be Nil, whereas for 2016 the fair value of the investment was deemed to be insignificantly different than cost and therefore the investment had not been recognised at the fair value.



**Notes (continued)**

**14 Creditors: amounts falling due within one year**

	2017	2016
	£	£
Trade creditors	292,915	285,525
Amounts owed to parent undertaking	-	184,156
Amounts owed to subsidiary undertaking	67,724	1,678,974
Taxation and social security	54,236	426,591
Other creditors	10,614	16,018
Accruals and deferred income	108,382	75,427
	533,871	2,666,691
	533,871	2,666,691

The amounts owed to subsidiary undertaking by Alison Hayes (UK) Limited are interest free and repayable on demand.

**15 Creditors: amounts falling due after more than one year**

	2017	2016
	£	£
Other loans – amounts owed to parent undertaking	1,704	105,000
	1,704	105,000

**16 Interest-bearing loans and borrowings**

	2017	2016
	£	£
<b>Creditors falling due more than one year</b>		
Loans owed to parent undertaking	1,704	105,000
	1,704	105,000

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2017	2016
					£	£
Loan from parent undertaking	£280,000	3M LIBOR + 2.25%	2018	£7,000 per quarter	1,704	119,000
Loan from parent undertaking	£1,000,000	3M LIBOR + 2.25%	2017	£27,500 per quarter	-	-

In 2007 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 2017 the total outstanding balance was £1,704 (2016: £119,000). This is split between current and non-current with £nil (2016: £14,000) included within current liabilities. The balance receivable from the transfer of Alison Hayes (Romania) SRL to Synek Limited has been partially offset against the above loans owed to parent undertakings.

**Notes (continued)**

**17 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.

	2017	2016
	£	£
Contributions payable by the Company for the year	67,451	70,243
	<u>67,451</u>	<u>70,243</u>

**18 Called up share capital**

	2017	2016
	£	£
<i>Allotted, called up and fully paid</i>		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>

**19 Statement of movement on reserves**

	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 January 2017	3,555,389	3,099,625
Loss for the year	-	(378,658)
	<u>3,555,389</u>	<u>2,720,967</u>
<b>Balance at 31 December 2017</b>	<u><b>3,555,389</b></u>	<u><b>2,720,967</b></u>

**20 Operating Leases**

Non-cancellable operating lease rentals are payable as follows:

	2017		2016	
	Motor Vehicles	Plant and Machinery	Motor Vehicles	Plant and Machinery
	£	£	£	£
Less than one year	1,315	23,520	12,329	46,550
Between one and five years	-	47,040	-	97,918
	<u>1,315</u>	<u>70,560</u>	<u>12,329</u>	<u>144,468</u>

During the year £27,551 was recognised as an expense in the profit and loss account in respect of operating leases (2016: £35,523).

## Notes (continued)

### 21 Commitments

At 31 December 2017, the Company had not contracted for any future capital expenditure (2016: £nil).

### 22 Related party disclosures

#### *Ultimate parent company and parent undertaking*

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. <http://www.companieshousecyprus.com/>

#### *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 £32,827,873 (2016: £35,076,120). The Company recharged £144,506 (2016: £347,295) of costs incurred to Alison Hayes (Romania) SRL. At the balance sheet date the amount owing to Alison Hayes (Romania) SRL was £1,855,174 (2016: £862,900) in addition to the loan as disclosed in Note 16.

During the year the Company purchased goods in the ordinary course of business from Print Box London Limited, a subsidiary undertaking, totalling £569,666 (2016: £986,086). The Company recharged £546,282 (2016: £614,599) of costs incurred to Print Box London Limited. At the balance sheet date the amount owing to Print Box London Limited was £1,101,834 (2016: £852,291) in addition to the loan receivable of £1,338,618 (2016: £1,352,150).

During the year the Company purchased goods in the ordinary course of business from Ruby & Ted Clothing Company Limited, a subsidiary undertaking, totalling £3,495,651 (2016: £4,695,916). The Company recharged £3,172,744 (2016: 3,666,800) of costs incurred to Ruby & Ted Clothing Company Limited. At the balance sheet date the amount owing from Ruby & Ted Clothing Company Limited was £706,312 (2016: £383,405) in addition to the loan receivable of £475,693 (2016: £475,693).

During the year an advance was made to a director (Mr. Nicolas Georghiades) of £nil (2016: 10,000) which is no longer outstanding at the year end.