

Alison Hayes (UK) Limited

Annual report and financial statements

Registered number 02241601

31 December 2016

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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 2016.

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 tastes.

Quality: we are committed to deliver to our customers high product quality 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	2016	2015	2014
	£	£	£
Gross Sales	40,266,525	38,947,295	47,732,165
Turnover	37,265,072	35,965,466	46,220,516
Gross Profit	4,259,993	4,759,150	5,832,167
Gross Profit margin (% to gross sales)	10.6%	12.2%	12.2%
Profit / (Loss) before tax	(136,211)	(326,167)	759,880
Profit / (Loss) for the financial year	(150,591)	(271,277)	561,336

Turnover: Turnover to 31 December 2016 of £37 million shows an increase of 3.61% 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 10.6% as a result of continued market pressures and economic factors.

Profit 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 2016.

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. During the year, 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 decided to hedge the exposure Sterling US dollar and Sterling EURO through its subsidiary, Alison Hayes Romania.

The company expects a shift from perceived higher value orders to volume orders as consumer will tighten. To accommodate this change, Alison Hayes invested in Vietnam operational infrastructure as well as expanded the manufacturing subcontracting to Moldova.

Economic conditions:

UK economic conditions were mixed in 2016 with retail growth slowing down and uncertainties coming from Europe and China.

However, we project the growth to continue in 2017 but we foresee 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 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.

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.

Strategic report *(continued)*

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

7 April 2017

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2016.

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 estimate the Company to continue growing 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 (2015: £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 2016 and approved the financial statements were as follows:

Mr Evelthon Vassiliou
Mr Robert Chamberlain
Mr George Vassiliou
Ms Julie Thompson
Mr Nicholas Georghiades
Ms L Tvrtkovic Sahin
Mrs Tina Bower

Political contributions

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

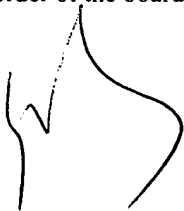
Disclosure of information to auditors

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
7 April 2017

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;
- 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 its 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 2016 set out on pages 9 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 6, 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016 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.

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; 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

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.

Ashley Rees

Ashley Rees (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square,
London,
E14 5GL

7 April 2017

Profit and Loss Account
for the year ended 31 December 2016

	<i>Note</i>	2016 £	2015 £
Gross sales		40,266,525	38,947,295
Discounts		(3,001,453)	(2,981,829)
Turnover	2	<u>37,265,072</u>	<u>35,965,466</u>
Cost of sales		(33,005,079)	(31,206,316)
Gross profit		<u>4,259,993</u>	<u>4,759,150</u>
Administrative expenses- Design costs		(2,221,879)	(2,048,789)
Administrative expenses- Selling and other		(2,202,861)	(2,904,996)
Other operating income		70,607	7,570
Operating loss		<u>(94,140)</u>	<u>(187,065)</u>
Other interest receivable and similar income	6	4	25
Interest payable and similar charges	7	(225,827)	(165,951)
Foreign exchange gain / (loss)		183,752	26,824
(Loss) on ordinary activities before taxation	3	<u>(136,211)</u>	<u>(326,167)</u>
Tax on profit on ordinary activities	8	(14,380)	54,890
(Loss) for the financial year	19	<u><u>(150,591)</u></u>	<u><u>(271,277)</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 2016

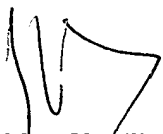
	<i>Note</i>	2016 £	2015 £
(Loss) for the year	20	(150,591)	(271,277)
Gain on revaluation of property		-	2,652,708
Deferred taxation on past revaluation gains	8	(678,163)	-
Other comprehensive income for the year		(678,163)	2,652,708
Total comprehensive income for the year		(828,754)	2,381,431

Balance Sheet
at 31 December 2016

	<i>Note</i>	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	<i>9</i>		5,040,012		5,148,938
Investments	<i>10</i>		2,665,504		2,665,504
			<hr/>		<hr/>
			7,705,516		7,814,442
Current assets					
Stocks	<i>11</i>		97,475		293,735
Debtors	<i>12</i>		3,237,383		3,054,601
Investments	<i>13</i>		1,827		1,827
Cash at bank and in hand			36,846		151,328
			<hr/>		<hr/>
			3,373,531		3,501,491
Creditors: amounts falling due within one year	<i>14</i>		(2,666,691)		(2,675,809)
			<hr/>		<hr/>
Net current assets			706,840		825,682
			<hr/>		<hr/>
Total assets less current liabilities			8,412,356		8,640,124
Creditors: amounts falling due after more than one year	<i>15</i>		(105,000)		(156,356)
Provisions for liabilities					
Deferred tax liability	<i>8</i>		(652,342)		-
			<hr/>		<hr/>
Net Assets			7,655,014		8,483,768
			<hr/> <hr/>		<hr/> <hr/>
Capital and reserves					
Called up share capital	<i>18</i>		1,000,000		1,000,000
Revaluation reserve	<i>20</i>		3,555,389		4,233,552
Profit and loss account	<i>20</i>		3,099,625		3,250,216
			<hr/>		<hr/>
Shareholders' funds	<i>19</i>		7,655,014		8,483,768
			<hr/> <hr/>		<hr/> <hr/>

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

These financial statements were approved by the board of directors on 7 April 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 2015	1,000,000	1,580,844	3,521,493	6,102,337
Total comprehensive income for the period				
Profit or loss	-	-	(271,277)	(271,277)
Revaluation of property	-	2,652,708	-	2,652,708
	_____	_____	_____	_____
Total comprehensive income for the period	-	2,652,708	(271,277)	2,381,431
	_____	_____	_____	_____
Balance at 31 December 2015	<u>1,000,000</u>	<u>4,233,552</u>	<u>3,250,216</u>	<u>8,483,768</u>

	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
Total comprehensive income for the period				
Profit or loss	-	-	(150,591)	(150,591)
Deferred taxation on past revaluation gains	-	(678,163)	-	(678,163)
	_____	_____	_____	_____
Total comprehensive income for the period	-	(678,163)	(150,591)	(828,754)
	_____	_____	_____	_____
Balance at 31 December 2016	<u>1,000,000</u>	<u>3,555,389</u>	<u>3,099,625</u>	<u>7,655,014</u>

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 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") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. 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 2017 generated from consolidation of market share with existing customers as well as business from new clients. Continued focus on expanding the product range and strengthening the tailoring and childrenswear product lines will diversify from the traditional womenswear division.

The Directors will focus on high fashion products that deliver higher margins and will strengthen the design team to ensure that they identify the new fashion trends and work quickly to interpret them and deliver to customers.

The aim to become a more agile and flexible organization that will result in improved working capital. Initiatives include upgrades of the supply chain systems that allow automatic stock allocation and replacement based on production demand. Focusing on increasing production capacity to reduce lead time and working in progress.

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

	2016	2015
	£	£
<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	173,033	93,676
Auditor's remuneration	23,900	27,300
Gain on disposal of tangible fixed assets	-	1,991
Operating lease expense	35,523	29,466
	<u><u> </u></u>	<u><u> </u></u>

4 Remuneration of directors

	2016	2015
	£	£
Directors' emoluments	705,342	546,712
Company contributions to money purchase pension schemes	35,601	49,633
	<u><u> </u></u>	<u><u> </u></u>
	740,943	596,345
	<u><u> </u></u>	<u><u> </u></u>

Emoluments disclosed above include £371,500 (2015: £250,000) paid to the highest paid director. Company pension contributions of £18,750 (2015: £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 3 (2015:4).

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	
	2016	2015
Design Room	49	52
Sales	17	16
Admin	4	4
Production	12	12
Directors	7	7
	89	91
	89	91

The aggregate payroll costs of these persons were as follows:

	2016	2015
	£	£
Wages and salaries	3,527,355	3,498,190
Social security costs	408,311	390,962
Other pension costs	70,243	89,830
	4,005,909	3,978,982
	4,005,909	3,978,982

6 Other interest receivable and similar income

	2016	2015
	£	£
Bank interest	4	25
	4	25
	4	25

7 Interest payable and similar charges

	2016	2015
	£	£
On bank loans and overdrafts	134,965	109,747
On amounts payable to group companies	4,724	10,317
Bank charges	86,138	45,887
	225,827	165,951
	225,827	165,951

Notes (continued)

8 Taxation

Analysis of charge in period

	2016	2015
	£	£
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
 Total current tax	 -	 -
 <i>Deferred tax</i>		
Origination/reversal of timing differences	12,225	(53,422)
Adjustment in respect of prior periods	(83)	-
Effect of tax rate change on operating balance	2,238	(1,468)
 Total deferred tax charge	 14,380	 (54,980)
 Tax charge/(credit) on profit on ordinary activities	 14,380	 (54,890)

	2016			2015		
	£	£	£	£	£	£
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	-	14,380	14,380	-	(54,890)	(54,890)
Recognised in other comprehensive income	-	678,163	678,163	-	-	-
 Total tax charge/(credit)	 -	 (692,543)	 (692,543)	 -	 54,890	 54,890

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 2016 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 higher (2015: lower) than the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016 £	2015 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	(136,211)	(326,167)
	<hr/>	<hr/>
Current tax at 20% (2014: 20.25%)	(27,242)	(66,038)
<i>Effects of:</i>		
Fixed asset differences	30,525	-
Expenses not deductible for tax purposes	12,791	6,081
Other permanent timing differences	(1,690)	4,154
Other temporary timing differences	(4)	913
	<hr/>	<hr/>
Total tax charge/(credit) included in profit or loss	14,380	(54,890)
	<hr/> <hr/>	<hr/> <hr/>

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated based on these rates.

The Company has trading losses of £430,506 (2015: £440,175) available to utilise against future taxable profits.

	2016 £	2015 £
Provision for deferred tax asset/(liability)		
Accelerated capital allowances	(50,088)	(76,012)
Short term timing differences	2,723	1,118
Other – property revaluation gain	(678,163)	-
Tax losses carried forward and other deductions	73,186	115,095
Total deferred tax asset/(liability)	(652,342)	40,201
Movement in provision		
Provision at start of period asset/(liability)	40,201	(14,689)
Deferred tax charged in the Profit and Loss account for the period	(14,380)	54,890
Deferred tax charge in Statement of other comprehensive income for the period	(678,163)	-
	<hr/>	<hr/>
Deferred tax (liability)/asset	(652,342)	40,201
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

9 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At beginning of year	4,900,000	733,970	619,869	9,264	6,263,103
Additions	-	23,068	41,039	-	64,107
At end of year	4,900,000	757,038	660,908	9,264	6,327,210
Depreciation					
At beginning of year	-	607,507	504,469	2,189	1,114,165
Charge for year	66,933	60,110	43,668	2,322	173,033
At end of year	66,933	667,617	548,137	4,511	1,287,198
Net book value					
At 31 December 2016	4,833,067	89,421	112,771	4,753	5,040,012
At 31 December 2015	4,900,000	126,463	115,400	7,075	5,148,938

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

	2016	2015
	£	£
Historical cost of revalued assets	973,423	973,423

The Company's main asset at Liverpool Road, London N1 1NL was re-valued on the 11th 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
	£	£	£	£
<i>Cost</i>				
At beginning & end of year	2,665,313	1	190	2,665,504
<i>Net book value</i>				
At 31 December 2016 & 31 December 2015	<u>2,665,313</u>	<u>1</u>	<u>190</u>	<u>2,665,504</u>

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
<i>Subsidiary undertakings</i>				
Alison Hayes (Romania) SRL	Romania	Manufacture of garments	Ordinary RON 100 Share	99.96%
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 31/12/2016 £	Profit/(loss) for the year to 31/12/2016 £
Alison Hayes (Romania) SRL	12,532,218	(140,257)
Ruby & Ted Clothing Company Limited	(519,802)	(177,070)
Print Box London Limited	(187,887)	4,751

11 Stocks

	2016 £	2015 £
Finished goods and goods for resale	<u>97,475</u>	<u>293,735</u>

Notes *(continued)*

12 Debtors

	2016	2015
	£	£
Trade debtors	1,124,757	2,067,865
Other debtors	181,101	80,363
Prepayments and accrued income	103,132	170,150
Corporation tax	549	549
Deferred tax asset	-	40,201
Loans granted to subsidiaries	1,827,844	695,473
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	3,237,383	3,054,601
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

13 Current asset investments

	2016	2015
	£	£
Listed investments	1,827	1,827
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

The amount presented above represent the cost of the investments. The fair value of the investment is deemed to be insignificantly different and therefore the investment has not been recognised at the fair value.

Notes (continued)

14 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	285,525	176,665
Amounts owed to parent undertaking	184,156	546,537
Amounts owed to subsidiary undertaking	1,678,974	1,507,013
Taxation and social security	426,591	373,513
Other creditors	16,018	15,003
Accruals and deferred income	75,427	57,078
	2,666,691	2,675,809

15 Creditors: amounts falling due after more than one year

	2016 £	2015 £
Other loans – amounts owed to parent undertaking	105,000	156,356
	105,000	156,356

16 Interest-bearing loans and borrowings

	2016 £	2015 £
Creditors falling due more than one year		
Loans owed to parent undertaking	105,000	156,356
	105,000	156,356

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2016 £	2015 £
Loan from parent undertaking	£280,000	3M LIBOR + 2.25%	2018	£7,000 per quarter	119,000	133,000
Loan from parent undertaking	£1,000,000	3M LIBOR + 2.25%	2017	£27,500 per quarter	-	70,421

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 2016 the total outstanding balance was £119,000 (2015: £203,421). This is split between current and non-current with £14,000 (2015: £47,065) included within current liabilities.

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.

	2016 £	2015 £
Contributions payable by the Company for the year	70,243	89,830
	<u> </u>	<u> </u>

18 Called up share capital

	2016 £	2015 £
<i>Allotted, called up and fully paid</i>		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
	<u> </u>	<u> </u>

19 Reconciliation of movement in shareholders' funds

	2016 £	2015 £
(Loss) for the financial year	(150,591)	(271,277)
	<u> </u>	<u> </u>
Retained (loss) for the year	(150,591)	(271,277)
Other recognised (losses)/gains relating to the year	(678,163)	2,652,708
	<u> </u>	<u> </u>
Net increase in shareholders' funds	(828,754)	2,381,431
Opening shareholders' funds	8,483,768	6,102,337
	<u> </u>	<u> </u>
Closing shareholders' funds	7,655,014	8,483,768
	<u> </u>	<u> </u>

20 Statement of movement on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 January 2016	4,233,552	3,250,216
Loss for the year	-	(150,591)
Deferred taxation on past revaluation gains	(678,163)	-
	<u> </u>	<u> </u>
Balance at 31 December 2016	3,555,389	3,099,625
	<u> </u>	<u> </u>

Notes (continued)

21 Operating Leases

Non-cancellable operating lease rentals are payable as follows:

	2016		2015	
	Motor Vehicles £	Plant and Machinery £	Motor Vehicles £	Plant and Machinery £
Less than one year	12,329	46,550	12,329	23,030
Between one and five years	-	97,918	5,108	26,869
	12,329	144,468	17,437	49,899
	12,329	144,468	17,437	49,899

During the year £35,523 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £29,466).

22 Commitments

At 31 December 2016, the Company had not contracted for any future capital expenditure (2015: *£nil*).

23 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 £35,076,120 (2015: £31,824,916). The Company recharged £347,295 (2015: £511,528) of costs incurred to Alison Hayes (Romania) SRL. At the balance sheet date the amount owing to Alison Hayes (Romania) Srl was £1,621,094 (2015: £2,642,818) 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 £986,086 (2015: £25,899). The Company recharged £614,599 (2015: £352,448) of costs incurred to Print Box London Limited. At the balance sheet date the amount owing from Print Box London Limited was £1,014,961 (2015: owing to £28,875) in addition to the loan receivable of £1,352,150 (2015: £219,779).

During the year the Company purchased goods in the ordinary course of business from Ruby & Ted Clothing Company Limited, a subsidiary undertaking, totalling £4,695,916 (2015: £1,211,820). The Company recharged £3,666,800 (2015: 1,309,591) of costs incurred to Ruby & Ted Clothing Company Limited. At the balance sheet date the amount owing from Ruby & Ted Clothing Company Limited was £5,079,321 (2015: owing to £1,412,519) in addition to the loan receivable of £475,693 (2015: £475,693).

During the year an advance was made to a director (Mr. Nicolas Georghiadis) of £10,000 (2015: *Nil*) which remained outstanding at the year end.