

**Company Registration No. 04313439**

**Wacoal UK Limited**

**Report and Financial Statements**

**27 December 2003**



# **Wacoal UK Limited**

## **Report and financial statements 2003**

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# **Wacoal UK Limited**

## **Report and financial statements 2003**

### **Officers and professional advisers**

#### **Directors**

R Murray  
K Yamamoto  
Y Ide

#### **Secretary**

Scrip Secretaries Limited  
17 Hanover Square  
London W1S 1HU

#### **Registered office**

Scrip Secretaries Limited  
17 Hanover Square  
London W1S 1HU

#### **Auditors**

Deloitte & Touche LLP  
Chartered Accountants  
London

# **Wacoal UK Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the 52 week period ended 27 December 2003.

### **Principal activity, business review and future prospects**

The company was incorporated on 30 October 2001 and commenced trading on 2 January 2002.

The principal activity of the company comprises the sale of clothing on behalf of the parent company, Wacoal America Inc.

The directors expect the current level of activity to continue for the foreseeable future.

### **Dividends**

The directors do not recommend the payment of a dividend (2002 - £nil)

### **Directors and their interests**

The directors who served throughout the period to 27 December 2003, except as noted below, are:

R Murray	(US citizen)
K Yamamoto	(Japanese citizen)
Y Ide	(Japanese citizen)
M Herman	(appointed 18 November 2003, resigned 28 May 2004)

### **Auditors**

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



Secretary

10/8

2004

## **Wacoal UK Limited**

### **Statement of directors' responsibilities**

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report to the members of Wacoal UK Limited**

We have audited the financial statements of Wacoal UK Limited for the 52 week period ended 27 December 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

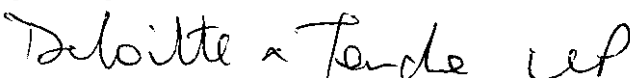
### **Basis of audit opinion**

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

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 27 December 2003 and of its loss for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

London

19 October 2004

## Wacoal UK Limited

### Profit and loss account

52 week period ended 27 December 2003

		52 week period ended 27 December 2003 £	Period from 30 October 2001 to 28 December 2002 (restated) £
	Note		
Turnover		288,667	254,667
Cost of sales		-	-
<b>Gross profit</b>		<b>288,667</b>	<b>254,667</b>
Administrative expenses		(358,159)	(295,794)
<b>Operating loss on ordinary activities before taxation</b>	3	<b>(69,492)</b>	<b>(41,127)</b>
Tax on loss on ordinary activities	4	-	-
<b>Retained loss on ordinary activities after taxation for the financial period, being retained loss carried forward</b>		<b>(69,492)</b>	<b>(41,127)</b>

There are no recognised gains or losses for the period to 27 December 2003 other than the loss shown above. All amounts in the current and preceding period relate to continuing activities.

The accompanying notes are an integral part of this profit and loss account.

Certain cost of sales items have been reclassified as operating expenses in the comparative figures to be comparable with the current period, as this classification describes the nature of the items more accurately (note 3).

# Wacoal UK Limited

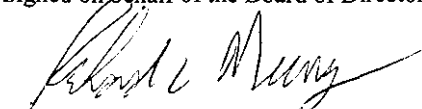
## Balance sheet 27 December 2003

	Note	27 December 2003 £	28 December 2002 £
<b>Fixed assets</b>	5		
Tangible assets		40,015	35,129
<b>Current assets</b>			
Debtors	6	32,973	147,142
Cash at bank and in hand		60,484	11,201
		93,457	158,343
<b>Creditors: amounts falling due within one year</b>	7	(144,091)	(134,599)
<b>Net current (liabilities)/assets</b>		(50,634)	23,744
<b>Total assets less current liabilities</b>		(10,619)	58,873
<b>Capital and reserves</b>			
Called up share capital	8	100,000	100,000
Profit and loss account deficit		(110,619)	(41,127)
<b>Total equity shareholders' (deficit)/funds</b>	9	(10,619)	58,873

These financial statements were approved by the Board of Directors on

2004.

Signed on behalf of the Board of Directors

 10/8/04  
Director



# **Wacoal UK Limited**

## **Notes to the accounts 52 week period ended 27 December 2003**

### **1. Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Turnover**

Turnover represents the total income receivable by the company (exclusive of value added tax) in respect of goods sold and services rendered and is shown net of discounts allowed.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	- term of lease
Fixtures, fittings and equipment	- 5 years

#### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted.

#### **Leases**

Rentals under operating leases are charged on a straight-line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

#### **Cash flow statement**

Under the provision of Financial Reporting Standard No.1 (Revised) the company has not presented a cash flow statement as its parent company, Wacoal Inc., a company incorporated and registered in the USA, has prepared consolidated financial statements which include the results of the company and contain a cash flow statement.

## Wacoal UK Limited

### Notes to the accounts

#### 52 week period ended 27 December 2003

#### 2. Information regarding directors and employees

	52 week period ended 27 December 2003 £	Period from 30 October 2001 to 28 December 2002 £
<b>Staff costs during the year</b>		
Wages and salaries	108,552	55,254
Social security costs	10,636	4,549
	<u>119,188</u>	<u>59,803</u>

The company employed an average of four persons during the period (2002: 4). The directors received no emoluments in either the current or preceding period.

#### 3. Operating loss on ordinary activities before taxation

Operating loss on ordinary activities before taxation is stated after charging:

	52 week period ended 27 December 2003 £	Period from 30 October 2001 to 28 December 2002 £
Depreciation	11,949	3,903
Operating lease rentals – other	81,511	-
	<u>93,460</u>	<u>3,903</u>

The auditors' remuneration has been borne by the parent company, Wacoal Inc., in both the current and preceding period.

Cost of sales amounting to £214,034 have been reclassified as operating expenses in the comparative figures to be more comparable with the current period, as this classification describes the nature of the items more accurately.

# Wacoal UK Limited

## Notes to the accounts

### 52 week period ended 27 December 2003

#### 4. Tax on loss on ordinary activities

	52 week period ended 27 December 2003 £	Period from 30 October 2001 to 28 December 2002 £
<b>Current tax</b>		
United Kingdom corporation tax	-	-
<b>Tax on loss on ordinary activities</b>	-	-

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the operating loss on ordinary activities before taxation are as follows:

	52 week period ended 27 December 2003 £	Period from 30 October 2001 to 28 December 2002 £
Operating loss on ordinary activities before tax	(69,492)	(41,127)
Tax on operating loss on ordinary activities at standard UK Corporation tax rate of 30%	20,848	12,338
Effects of:		
Expenses not deductible for tax purposes	(10,142)	(8,971)
Capital allowances in excess of depreciation	(1,268)	-
Tax losses carried forward	(9,437)	(3,367)
<b>Current tax charge for period</b>	-	-

A net deferred tax asset has not been recognised in respect of timing differences relating to trading losses carried forward and accumulated capital allowances as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £14,073 (2002: £3,367). The asset would be recovered if it was more likely than not that the company would make sufficient taxable profits to utilise the loss in the near future.

# Wacoal UK Limited

## Notes to the accounts 52 week period ended 27 December 2003

### 5. Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings, and equipment £	Total £
<b>Cost:</b>			
At 29 December 2002	39,032	-	39,032
Additions	-	15,349	15,349
Disposals	-	(1,136)	(1,136)
Transfers	-	7,192	7,192
	<hr/>	<hr/>	<hr/>
At 27 December 2003	39,032	21,405	60,437
	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation:</b>			
At 29 December 2002	3,903	-	3,903
Charge for the period	7,807	4,142	11,949
Disposals	-	(237)	(237)
Transfers	-	4,807	4,807
	<hr/>	<hr/>	<hr/>
At 27 December 2003	11,710	8,712	20,422
	<hr/>	<hr/>	<hr/>
<b>Net book value:</b>			
At 27 December 2003	27,322	12,693	40,015
	<hr/>	<hr/>	<hr/>
At 28 December 2002	35,129	-	35,129
	<hr/>	<hr/>	<hr/>

### 6. Debtors

	27 December 2003 £	28 December 2002 £
Amounts owed by parent undertaking	-	89,005
Prepayments	1,461	27,125
Other debtors	31,513	31,012
	<hr/>	<hr/>
	32,973	147,142
	<hr/>	<hr/>

### 7. Creditors: amounts falling due within one year

	27 December 2003 £	28 December 2002 £
Trade creditors	1,206	69,677
Amounts owed to group undertakings	108,373	-
Accruals and deferred income	32,499	63,377
Social security and other taxes	2,013	1,545
	<hr/>	<hr/>
	144,091	134,599
	<hr/>	<hr/>

# Wacoal UK Limited

## Notes to the accounts

52 week period ended 27 December 2003

### 8. Called up share capital

	27 December 2003 £	28 December 2002 £
<b>Authorised:</b>		
100,000 ordinary shares of £1 each	100,000	100,000
<b>Called up, allotted and fully paid</b>		
100,000 ordinary shares of £1 each	100,000	100,000

### 9. Reconciliation of movements in shareholders' (deficit)/funds

	Share capital £	Profit and loss account £	Total Shareholders' (deficit)/funds £
At 28 December 2002	100,000	(41,127)	58,873
Retained loss for the period	-	(69,492)	(69,492)
At 27 December 2003	100,000	(110,619)	(10,619)

### 10. Financial commitments

The company has annual commitments under non-cancellable operating leases as follows:

	Property 2003 £
Payment due within one year for leases which expire:	
- between one and five years	95,775

### 11. Ultimate parent company

The ultimate parent company and controlling party is Wacoal America Inc., a company registered in the USA.

The largest and smallest group in which the results of the company are consolidated is that headed by Wacoal America Inc.

The consolidated accounts of Wacoal America Inc. are available to the public and may be obtained from Wacoal America Inc., 1 Wacoal Plaza, Lyndhurst, U.S.A.

### 12. Related party disclosures

The company has taken advantage of the exemptions available under FRS 8 Related Party Disclosures not to disclose transactions with other group companies.