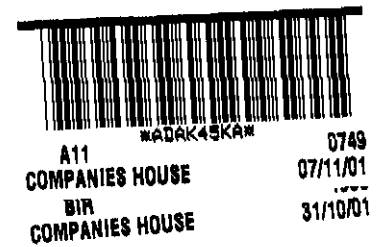


Company Registration No. 2754852



# **MORI LEE (UK) LIMITED**

**Report and Financial Statements**

**For the period Ended 31<sup>st</sup> December 2000**

**Deloitte & Touche  
1 Woodborough Road  
Nottingham  
NG1 3FG**

**MORI LEE (UK) LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2000**

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**MORI LEE (UK) LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

**Marvin Leibowitz**

**Arthur Udell**

**Mitchell Udell**

**Patrick William Coll**

**Lynn Whiteley (appointed 4<sup>th</sup> July 2000, resigned 27<sup>th</sup> October 2000)**

**SECRETARY**

**Patrick William Coll**

**REGISTERED OFFICE**

**Bridal House**

**Springfield Business Park**

**Springfield road**

**Grantham**

**Lincolnshire**

**NG31 7BG**

**BANKERS**

**Bank of Scotland**

**London Chief Office**

**38 Threadneedle Street**

**London**

**EC2P 2EH**

**AUDITORS**

**Deloitte & Touche**

**1 Woodborough Road**

**Nottingham**

**NG1 3FG**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the 12 month period ended 31<sup>st</sup> December 2000.

## **ACTIVITIES**

The principal activity of the company is the sale of bridalwear.

## **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The principal activity of the company was and will continue to be the sale of bridalwear. This has been an exceptionally good year for the company. Similar results are expected in 2001.

## **DIVIDENDS AND TRANSFER TO RESERVES**

The profit for the year of £256,414 (1999 – Loss £149,394) was transferred to reserves. No dividend is proposed (1999 – £250,000)

## **DIRECTORS AND THEIR INTERESTS**

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

Marvin Leibowitz

Arthur Udell

Mitchell Udell

Patrick William Coll

Lynn Whiteley (appointed 4<sup>th</sup> July 2000, resigned 27<sup>th</sup> October 2000)

None of the directors had an interest in the shares of the company at anytime during the period.

**MORI LEE (UK) LIMITED**

**DIRECTORS' REPORT (continued)**

**AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the annual general meeting.

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

A handwritten signature in black ink, appearing to be 'PW Coll', with a long horizontal stroke extending to the right.

**PW Coll**  
**Director**  
**30<sup>th</sup> October 2001**

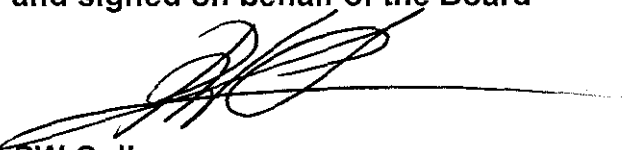
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company 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;
- 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 responsible for safeguarding the assets of the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



PW Coll  
Director  
30<sup>th</sup> October 2001



**Deloitte  
& Touche**

## **MORI LEE (UK) LIMITED**

### **AUDITORS' REPORT TO THE MEMBERS**

We have audited the financial statements on pages 6 to 13 which have been prepared under the accounting policies set out on page 8.

#### **Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### **Basis of opinion**

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

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

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants  
and Registered Auditors

31st October 2001

**MORI LEE (UK) LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**Period Ended 31<sup>st</sup> December 2000**

	Note	2000 £	1999 £
<b>TURNOVER: Continuing Operations</b>	<b>2</b>	<b>1,981,047</b>	<b>1,588,587</b>
<b>Cost of sales</b>		<b>1,068,286</b>	<b>916,189</b>
<b>Gross profit</b>		<b>912,761</b>	<b>672,398</b>
<b>Distribution costs</b>		<b>67,733</b>	<b>54,071</b>
<b>Administrative expenses</b>		<b>532,729</b>	<b>496,132</b>
<b>OPERATING PROFIT: Continuing Operations</b>	<b>3</b>	<b>312,299</b>	<b>122,195</b>
<b>Net Interest receivable</b>	<b>4</b>	<b>11,101</b>	<b>9,076</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>323,400</b>	<b>131,271</b>
<b>Tax on profit on ordinary activities</b>	<b>5</b>	<b>66,986</b>	<b>30,665</b>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>256,414</b>	<b>100,606</b>
<b>Dividends</b>	<b>6</b>	<b>-</b>	<b>(250,000)</b>
<b>RETAINED PROFIT/(LOSS) FOR THE FINANCIAL PERIOD TRANSFERRED TO RESERVES</b>		<b>256,414</b>	<b>(149,394)</b>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**There are no recognised gains and losses for the current or previous financial period other than as stated in the profit and loss account.**



**MORI LEE (UK) LIMITED**

**BALANCE SHEET**

**As at 31<sup>st</sup> December 2000**

	Note	2000 £	1999 £
<b>FIXED ASSETS</b>			
Tangible assets	7	5,340	1,742
<b>CURRENT ASSETS</b>			
Stocks	8	377,566	320,915
Debtors	9	483,469	484,996
Cash at bank and in hand		200,689	193,662
		<hr/>	<hr/>
		1,061,724	999,573
<b>CREDITORS: amounts falling due within one year</b>	10	(613,749)	(804,414)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		447,975	195,159
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> 453,315 <hr/>	<hr/> 196,901 <hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	1,000	1,000
Profit and loss account	12	452,315	195,901
		<hr/>	<hr/>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<hr/> 453,315 <hr/>	<hr/> 196,901 <hr/>

These financial statements were approved by the Board of Directors 30<sup>th</sup> October 2001.

Signed on behalf of the Board of Directors

P W. Coll

DIRECTOR

**1. ACCOUNTING POLICIES**

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

***Accounting convention***

The financial statements are prepared under the historical cost convention.

***Tangible fixed assets***

Depreciation on fixed assets is calculated as follows:

Equipment	25% on cost
-----------	-------------

***Stocks***

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. Work-in-progress consists of completed dresses that have yet to be pressed.

***Foreign currencies***

Transactions denominated in foreign currencies are initially translated to sterling at the rates ruling at the dates of the transactions. Profits and losses on settlements during the period are reflected in the profit and loss account.

At the year end current assets and liabilities in foreign currencies are translated into sterling at the spot rate and the resultant exchange differences are reflected through the profit and loss account.

## MORI LEE (UK) LIMITED

### 2. TURNOVER

Turnover represents sale of goods and services, excluding valued added tax, to customers.

	2000	1999
	£	£
United Kingdom	1,889,960	1,527,509
Republic of Ireland	89,678	21,849
Rest of Europe	1,409	39,229
	<hr/>	<hr/>
	1,981,047	1,588,587
	<hr/>	<hr/>

# MORI LEE (UK) LIMITED

## 3. OPERATING PROFIT

	2000 £	1999 £
Operating profit is stated after charging:		
Depreciation on owned assets	804	3,903
Auditors' remuneration	5,300	4,800
	<u>5,300</u>	<u>4,800</u>

All staff costs and director's remuneration are paid through Bridal Fashions Limited.

## 4. NET INTEREST RECEIVABLE

	2000 £	1999 £
Net bank interest receivable	11,101	9,076
	<u>11,101</u>	<u>9,076</u>

## 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
Corporation Tax at 20% (1999:20%)	66,986	27,038
Prior Year Adjustment	-	3,627
	<u>66,986</u>	<u>30,665</u>

## 6. DIVIDENDS

	2000 £	1999 £
Dividends Proposed (£250.00 per share)	-	250,000
	<u>-</u>	<u>250,000</u>

**MORI LEE (UK) LIMITED**

**7. TANGIBLE FIXED ASSETS**

	<b>Plant, Equipment £</b>
<b>Cost at 31<sup>st</sup> December 1999</b>	<b>7,917</b>
Disposals	(1,645)
Additions	4,402
	<hr/>
At 31 <sup>st</sup> December 2000	10,674
	<hr/>
<b>Accumulated depreciation at 31<sup>st</sup> December 1999</b>	<b>(6,175)</b>
Disposals	1,645
Charge for the year	(804)
	<hr/>
At 31 <sup>st</sup> December 2000	(5,334)
<b>Net book value</b>	<hr/>
At 31 <sup>st</sup> December 1999	5,340
	<hr/>
At 31 <sup>st</sup> December 2000	1,742
	<hr/>

**8. STOCKS**

	<b>2000 £</b>	<b>1999 £</b>
Work in progress	189,237	162,455
Finished goods and goods for resale	188,329	158,460
	<hr/>	<hr/>
	377,566	320,915
	<hr/>	<hr/>
		(11)

**MORI LEE (UK) LIMITED**

**9. DEBTORS**

**AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2000 £	1999 £
Trade debtors	403,203	449,415
Amounts due from parent companies	35,594	-
Prepayments and accrued income	44,672	35,581
Taxation	-	-
ACT Recoverable	-	-
	<u>483,469</u>	<u>484,996</u>

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2000 £	1999 £
Trade creditors	164,883	264,940
Amounts due to parent companies	340,374	-
Taxation	66,986	27,038
Other taxes and social security	(12,966)	(11,030)
Other creditors	-	163,125
Accruals and deferred income	54,472	110,341
Dividends Proposed	-	250,000
	<u>613,749</u>	<u>804,414</u>

**11. CALLED UP SHARE CAPITAL**

	2000 £	1999 £
Authorised, allocated, called-up and fully paid		
'A' Ordinary Shares of £1 each	500	500
'B' Ordinary Shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>

The A and B shares have equal voting rights

(12)

## MORI LEE (UK) LIMITED

### 12. COMBINED STATEMENT OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Issued share capital £	Profit and loss account £	2000 Total £
At 31 <sup>st</sup> December 1999	1,000	195,901	196,901
Dividends Payable			
Profit attributable to members of the company		256,414	256,414
	<hr/>	<hr/>	<hr/>
At 31 <sup>st</sup> December 2000	<u>1,000</u>	<u>452,315</u>	<u>453,315</u>

### 13. ULTIMATE PARENT UNDERTAKING

The company is a wholly owned joint venture undertaking between Bridal Fashions Limited (a company registered in England and Wales) and Mori Lee Inc (a company registered in the USA). Copies of the accounts of Bridal Fashions Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ. Copies of the accounts for Mori Lee Inc can be obtained from 6101 Park of Commerce, Boca Raton, Florida 33487-8208, USA.

### 14. RELATED PARTY TRANSACTIONS

During the year the company purchased £513,744 (£216,872 – 1999) from Mori Lee Inc and £308,867 (£170,271 – 1999) from Bridal Fashions Limited. Sales to Bridal Fashions Limited were £183,511 (£57,733 – 1999). All transactions are on an arms length basis.

The company paid a management charge during the year of £75,000 (£75,000 – 1999) to both Mori Lee Inc and Bridal Fashions Limited.