



## MORI LEE (UK) LIMITED

Report and Financial Statements

For the period Ended 31<sup>st</sup> December 1999



Deloitte & Touche  
1 Woodborough Road  
Nottingham  
NG1 3FG

**REPORT AND FINANCIAL STATEMENTS 1999**

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**MORI LEE (UK) LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

**Marvin Leibowitz  
Arthur Udell  
Mitchell Udell  
Patrick William Coll  
Nigel Geoffrey Atkinson  
Lynne Whiteley**

**SECRETARY**

**Patrick William Coll (appointed 21/09/99)  
Christopher Robert Lambert (resigned 07/07/99)**

**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 1999.

**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. 1999 has been an exceptionally good year for the company. Similar results are expected in 2000.

**DIVIDENDS AND TRANSFER TO RESERVES**

The loss for the year of £149,394 (1998 – profit £6,895) was transferred to reserves. A dividend is proposed of £250,000. (1998 –Nil)

**DIRECTORS AND THEIR INTERESTS**

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

Marvin Leibowitz

Arthur Udell

Mitchell Udell

Patrick William Coll

Michel Norman Buswell (resigned 08/07/99)

Nigel Geoffrey Atkinson (appointed 14/07/99)

Lynne Whiteley (appointed 04/07/00)

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  
24<sup>th</sup> October 2000**

**MORI LEE (UK) LIMITED**

**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;
- 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  
24<sup>th</sup> October 2000



**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 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 affairs of the company as at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Chartered Accountants and  
Registered Auditors

*25<sup>th</sup> October 2000*

**MORI LEE (UK) LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**Period Ended 31<sup>st</sup> December 1999**

	Note	1999 £	1998 £
<b>TURNOVER: Continuing Operations</b>	<b>2</b>	<b>1,588,587</b>	<b>1,201,866</b>
<b>Cost of sales</b>		<u><b>916,189</b></u>	<u><b>650,593</b></u>
<b>Gross profit</b>		<b>672,398</b>	<b>551,273</b>
<b>Distribution costs</b>		<b>54,071</b>	<b>36,607</b>
<b>Administrative expenses</b>		<u><b>496,132</b></u>	<u><b>520,848</b></u>
<b>OPERATING PROFIT: Continuing Operations</b>	<b>3</b>	<b>122,195</b>	<b>(6,182)</b>
<b>Net Interest receivable</b>	<b>4</b>	<u><b>9,076</b></u>	<u><b>14,239</b></u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>131,271</b>	<b>8,057</b>
<b>Tax on profit on ordinary activities</b>	<b>5</b>	<u><b>30,665</b></u>	<u><b>(1,162)</b></u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>100,606</b>	<b>6,895</b>
<b>Dividends</b>	<b>6</b>	<b>(250,000)</b>	<b>-</b>
<b>RETAINED (LOSS)/PROFIT FOR THE FINANCIAL PERIOD TRANSFERRED TO RESERVES</b>		<u><u><b>(149,394)</b></u></u>	<u><u><b>6,895</b></u></u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

There are no recognised gains and losses for the current 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 1999**

	Note	1999 £	1998 £
<b>FIXED ASSETS</b>			
Tangible assets	7	1,742	9,517
<b>CURRENT ASSETS</b>			
Stocks	8	320,915	272,537
Debtors	9	484,996	293,572
Cash at bank and in hand		193,662	142,513
		<hr/>	<hr/>
		999,573	708,622
<b>CREDITORS: amounts falling due within one year</b>	10	(804,414)	(371,844)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		195,159	336,778
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		196,901	346,295
		<hr/>	<hr/>
		196,901	346,295
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	1,000	1,000
Profit and loss account	12	195,901	345,295
		<hr/>	<hr/>
<b>SHAREHOLDERS' FUNDS – all equity</b>		196,901	346,295
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors 24<sup>TH</sup> October 2000.

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
Motor Vehicles	33 1/3% on cost

### *Stocks*

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

### *Deferred taxation*

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

### *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.

	1999	1998
	£	£
United Kingdom	1,527,509	1,098,497
Republic of Ireland	21,849	30,720
Rest of Europe	39,229	72,649
	<hr/>	<hr/>
	1,588,587	1,201,866
	<hr/>	<hr/>

**MORI LEE (UK) LIMITED****3. OPERATING PROFIT**

	1999 £	1998 £
Operating profit is stated after charging:		
Depreciation on owned assets	3,903	6,412
Auditors' remuneration	4,800	5,700

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

**4. NET INTEREST RECEIVABLE**

	1999 £	1998 £
Net bank interest receivable	9,076	14,239

**5. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1999 £	1998 £
Corporation Tax at 20% (1998:21%)	27,038	(2,799)
Prior Year Adjustment	3,627	3,961
	<u>30,665</u>	<u>1,162</u>

**6. DIVIDENDS**

	1999 £	1998 £
Dividends Proposed (£250.00 per share)	250,000	-
	<u>250,000</u>	<u>-</u>

**7. TANGIBLE FIXED ASSETS**

	Plant, Equipment Motor Vehicles £
<b>Cost at 31<sup>st</sup> December 1998</b>	<b>25,804</b>
Disposals	(19,746)
Additions	1,859
	<hr/>
At 31 <sup>st</sup> December 1999	7,917
	<hr/>
<b>Accumulated depreciation at 31<sup>st</sup> December 1998</b>	<b>(16,287)</b>
Disposals	14,015
Charge for the year	(3,903)
	<hr/>
At 31 <sup>st</sup> December 1999	(6,175)
<b>Net book value</b>	
At 31 <sup>st</sup> December 1999	1,742
	<hr/>
At 31 <sup>st</sup> December 1998	9,517
	<hr/>

**8. STOCKS**

	1999 £	1998 £
Work in progress	162,455	107,273
Finished goods and goods for resale	158,460	165,264
	<hr/>	<hr/>
	320,915	272,537
	<hr/>	<hr/>
		(11)

**MORI LEE (UK) LIMITED**

**9. DEBTORS**

**AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1999 £	1998 £
Trade debtors	449,415	189,898
Prepayments and accrued income	35,581	41,687
Taxation	-	2,799
ACT Recoverable	-	59,188
	<u>484,996</u>	<u>293,572</u>

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

	1999 £	1998 £
Trade creditors	264,940	108,037
Taxation	27,038	299
Other taxes and social security	(11,030)	(4,433)
Other creditors	163,125	220,000
Accruals and deferred income	110,341	47,941
Dividends Proposed	250,000	-
	<u>804,414</u>	<u>371,844</u>

**11. CALLED UP SHARE CAPITAL**

	1999 £	1998 £
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>
		(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 £	1999 Total £
At 31 <sup>st</sup> December 1998	1,000	345,295	346,295
Dividends proposed		(250,000)	(250,000)
Profit attributable to members of the company		100,606	100,606
		<hr/>	<hr/>
At 31 <sup>st</sup> December 1999	<u>1,000</u>	<u>195,901</u>	<u>196,901</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).

### 14. RELATED PARTY TRANSACTIONS

During the year the company purchased £216,872 (£467,590 - 1998) from Mori Lee Inc and £170,271 (£261,498 - 1998) from Bridal Fashions Limited. Sales to Bridal Fashions Limited were £57,733 (£168,683 - 1998). All transactions are on an arms length basis.

The company paid a management charge during the year of £75,000 (£110,000 - 1998) to both Mori Lee Inc and Bridal Fashions Limited.