

Registered Number 2984862

Lee Cooper Group Limited  
Annual report  
for the year ended 28 February 2004



# **Lee Cooper Group Limited**

## **Annual report for the year ended 28 February 2004**

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# **Lee Cooper Group Limited**

## **Directors and advisers**

### **Directors**

J A Gerety

D T H Wilson

M T Laughton

J A King

P Dutton

John Hargreaves

Jason Hargreaves

### **Secretary**

J G Berry

### **Registered Office**

Lee Cooper House

17 Bath Road

Slough

Berkshire

SL1 3UF

### **Auditors**

PricewaterhouseCoopers

101 Barbirolli Square

Lower Mosley Street

Manchester

M2 3PW

### **Bankers**

Barclays Bank plc

15-33 Moorfields

Liverpool

L69 2RU

# Lee Cooper Group Limited

## Directors' report for the year ended 28 February 2004

The directors of Lee Cooper Group Limited present their report and the audited financial statements of the company for the year ended 28 February 2004.

### Principal activities

The company is a holding company. The principal operating subsidiaries are listed on page 15, these subsidiaries manufacture, distribute and sell branded jeans and casual clothing.

### Review of business and future developments

The carrying value of the investments in subsidiary undertakings has been reviewed at 28 February 2004, leading to a write-down of £20,080,000 to investments in subsidiary undertakings held by the Company which has been disclosed as an exceptional charge in the year. Notwithstanding this exceptional charge, the directors are satisfied with the company's financial performance and the financial position at 28 February 2004. The company is not expected to trade in the foreseeable future.

### Results and dividends

The results for the financial year are shown in the profit and loss account on page 6. The directors do not recommend the payment of a dividend (2003: £Nil).

### Policy on payment of creditors

The company policy concerning the payment of suppliers is to agree terms of payment at the start of business with each supplier and to pay in accordance with its contracted or legal obligations. The company had no trade creditors at the year end (2003: £Nil).

### Directors

The directors who served during the year are as follows:

J A Gerety	(Appointed 4 June 2003)
D T H Wilson	
J A King	
P Dutton	
John Hargreaves	
Jason Hargreaves	
P Mason	(Resigned 17 March 2003)
C C Thompson	(Resigned 10 June 2003)
C J G Smith	(Resigned 21 October 2003)
M T Laughton	(Appointed 14 July 2004)

### Directors interests in shares

No directors have or had any interests in the share capital of Lee Cooper Group Limited all of whose shares are held by Matalan Holding Company Limited. Messrs J A King, P Dutton and John Hargreaves are also directors of the ultimate parent undertaking Matalan PLC, and their share interests are disclosed in the annual report of that company.

# Lee Cooper Group Limited

The interests of the remaining directors serving at the year end in shares of Matalan PLC are disclosed below.

	At 28 February 2004	At 2 March 2003
D T H Wilson	583	-
Jason Hargreaves	36,522,402	36,522,402

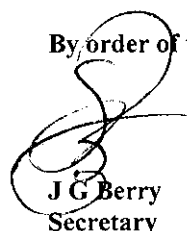
In addition these directors serving at the year end had the following interests in ordinary share options in Matalan PLC.

	2 March 2003 or later date of appointment	Granted	Lapsed	28 February 2004	Exercisable	Exercise price
<b>J A Gerety</b>						
SIOS	39,000	-	13,000	26,000	2005-2008	Nil
LTIP	-	40,000	-	40,000	2006-2013	Nil
<b>D T H Wilson</b>						
LTIP	-	25,000	-	25,000	2006-2013	Nil
<b>Jason Hargreaves</b>						
SIOS	4,020	-	-	4,020	2004-2011	£1.00
SIOS	7,898	-	-	7,898	2003-2010	£2.20
SIOS	12,500	-	-	12,500	2004-2011	£1.00
SIOS	12,500	-	-	12,500	2003-2010	£1.00
SIOS	42,960	-	-	12,500	2003-2010	£1.10
SIOS	100,000	-	33,333	66,667	2005-2008	Nil
LTIP	-	220,000	-	220,000	2006-2013	Nil

## Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board



**J G Berry**  
Secretary

15 December 2004

# **Lee Cooper Group Limited**

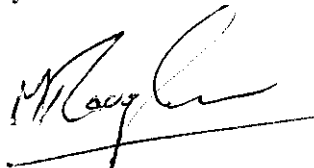
## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that 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 year. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 28 February 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**By order of the Board**

A handwritten signature in black ink, appearing to read 'M T Laughton', written over a horizontal line.

**M T Laughton**

**Director**

15 December 2004

# **Lee Cooper Group Limited**

## **Independent auditors' report to the members of Lee Cooper Group Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet, and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 to you 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

### **Basis of audit 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 28 February 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Manchester  
15 December 2004

# Lee Cooper Group Limited

## Profit and loss account for the year ended 28 February 2004

	Note	Year to 28 February 2004 £'000	14 months to 1 March 2003 £'000
<b>Operating profit</b>		-	-
Exceptional item	1,5	(20,080)	-
<b>Loss on ordinary activities before interest and taxation</b>		(20,080)	-
Interest receivable and similar income	2	320	407
<b>(Loss)/profit on ordinary activities before taxation</b>		(19,760)	407
Taxation	4	219	357
<b>Retained (loss)/profit for the financial year</b>	10	(19,541)	764

All items dealt with in arriving at the operating profit for the current and preceding financial year relate to continuing activities.

There are no recognised gains and losses for the current and preceding financial year other than as stated in the profit and loss account.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

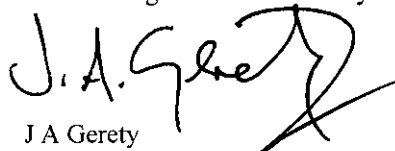


# Lee Cooper Group Limited

## Balance sheet as at 28 February 2004

	Note	28 February 2004 £'000	1 March 2003 £'000
<b>Fixed assets</b>			
Investments	5	23,827	43,907
<b>Current assets</b>			
Debtors	6	8,044	7,505
Creditors - amounts falling due within one year	8	(408)	(408)
<b>Net current assets</b>		<b>7,636</b>	<b>7,097</b>
<b>Net assets</b>		<b>31,463</b>	<b>51,004</b>
<b>Capital and reserves</b>			
Attributable to equity interests:			
Called up equity share capital	9	142	142
Other reserves	10	41,297	41,297
Profit and loss account	10	(11,279)	8,262
<b>Equity shareholders' funds</b>	11	<b>30,160</b>	<b>49,701</b>
Attributable to non-equity interests:			
Called up non-equity share capital	9	1,303	1,303
<b>Total shareholders' funds</b>		<b>31,463</b>	<b>51,004</b>

The financial statements on pages 6 to 15 were approved by the board of directors on 15 December 2004 and were signed on its behalf by:

  
J A Gerety  
Director

# Lee Cooper Group Limited

## Statement of accounting policies

The financial statements are prepared in accordance with applicable Accounting Standards in the United Kingdom.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

### **Basis of accounting**

The financial statements have been prepared on the going concern basis under the historical cost convention.

### **Consolidation exemption**

The financial statements contain information about Lee Cooper Group Limited as an individual company and do not contain consolidated financial statements. The company is exempt, under section 228 of the companies Act 1985, from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent company, Matalan PLC, a company incorporated in England.

### **Investments**

Investments held as fixed assets are stated at the cost of acquisition less provisions for diminution in value.

### **Deferred taxation**

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. Deferred tax is not provided on timing differences arising from revaluation of fixed assets where there is no commitment to sell the asset. 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.

### **Foreign currencies**

Transactions denominated in foreign currencies are translated into sterling at the rates at the close of month of the transactions or, where appropriate, at the contracted rates for the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates ruling at the balance sheet date or, where appropriate, at the forward rates at which the balances will be settled.

Exchange gains or losses are taken to the profit and loss account in the year in which they arise.

### **Cash flow statement**

The company is ultimately owned by Matalan PLC and is included in the consolidated financial statements of that company which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

### **Related party transactions**

Transactions with other companies within the Matalan PLC group are not disclosed as the company has taken advantage of the exemption available under FRS 8 "Related Party Disclosures".

# Lee Cooper Group Limited

## Notes to the financial statements for the year ended 28 February 2004

### 1 Exceptional item

The carrying value of the investments in subsidiary undertakings has been reviewed at 28 February 2004. The review has resulted in a write-down of £20,080,000 to investments in subsidiary undertakings held by the Company which has been disclosed as an exceptional charge in the year in accordance with the requirements of FRS3 "Reporting financial performance"

### 2 Interest receivable and similar income

	Year to 28 February 2004 £'000	14 months to 1 March 2003 £'000
Interest received on inter company lending	320	407

### 3 Employees and directors

The company employed no staff in 2004 or 2003. The directors received no emoluments (2003: £Nil) from Lee Cooper Group Limited, however, directors of Lee Cooper Group Limited received aggregate emoluments of £654,962 (2003: £1,079,640) for qualifying services to subsidiaries during the year, the details of which are given in the subsidiary financial statements.

Messrs J A King, P Dutton and John Hargreaves are also directors of the ultimate parent company, Matalan PLC. Details of their emoluments receivable for their services as directors to that company are disclosed in the annual report of Matalan PLC.

### 4 Taxation

	Year to 28 February 2004 £'000	14 months to 1 March 2003 £'000
<b>Current tax:</b>		
Adjustment in respect of previous years	(27)	(357)
<b>Deferred tax:</b>		
Tax credit for the year	(192)	-
<b>Total tax on profit on ordinary activities</b>	<b>(219)</b>	<b>(357)</b>

# Lee Cooper Group Limited

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom (30%).  
The differences are explained below:

	Year to 28 February 2004 £'000	14 months to 1 March 2003 £'000
(Loss)/profit on ordinary activities before tax	(19,760)	407
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2003: 30%)	(5,928)	122
Effects of:		
Provision for diminution in value not deductible for tax purposes	6,024	-
Income not taxable	(96)	(122)
Adjustment in respect of previous years	(27)	(357)
Current tax credit for the year	(27)	(357)

## 5 Investments

	28 February 2004 £'000	1 March 2003 £'000
Shares in subsidiary companies at cost	43,907	43,907
Provision for diminution in value (note 1)	(20,080)	-
Net book value	23,827	43,907

### Interest in subsidiary undertakings

Name of undertaking	Nature of business	Proportion of nominal value of shares held	Country of incorporation
Lee Cooper Tunisia	Manufacture of jeans	10%	Tunisia
Vivat Holdings Limited	Services trademarks	100%	United Kingdom

All shares held in subsidiary undertakings are £1 ordinary shares, except for those in Lee Cooper Tunisia which are denominated in Tunisian Dinar.

A list of the company's principal operating subsidiaries is set out on page 15.

# Lee Cooper Group Limited

## 6 Debtors

	28 February 2004 £'000	1 March 2003 £'000
Amounts owed by group undertakings	7,468	7,148
Amounts receivable for the surrender of group relief	384	357
Deferred tax (note 7)	192	-
	8,044	7,505

## 7 Deferred tax

	28 February 2004 £'000	1 March 2003 £'000
<b>Deferred tax asset:</b>		
Tax losses carried forward	2,191	2,546
<b>Total deferred tax asset</b>	<b>2,191</b>	<b>2,546</b>
<b>Deferred tax asset recognised:</b>		
2 March 2003 as previously reported	-	-
Deferred tax credit in profit and loss account (note 4)	192	-
<b>28 February 2004 (note 6)</b>	<b>192</b>	<b>-</b>

At 28 February 2004 £192,000 (2003: £nil) of the deferred tax asset has been recognised as it is considered more likely than not that this asset will be realised in the future.

## 8 Creditors – Amounts falling due within one year

	28 February 2004 £'000	1 March 2003 £'000
Amounts due to group undertakings	310	310
Accruals and deferred income	98	98
	408	408

# Lee Cooper Group Limited

## 9 Called up share capital

	28 February 2004 £'000	1 March 2003 £'000
<b>Authorised, allotted and fully paid</b>		
<b>Equity share capital:</b>		
1,417,000 ordinary shares of 10p each	142	142
<b>Non- equity share capital:</b>		
13,036,400 deferred shares of 10p each	1,303	1,303
	<b>1,445</b>	<b>1,445</b>

On winding up the holders of ordinary shares have priority to receive, in proportion to the amounts paid up or credited as paid up, an amount equal to £100 per share.

The deferred shares do not have any right to income, or any voting rights. An amount of 1p per share is payable to the holders of deferred shares on winding up after the rights of the ordinary shareholders have been satisfied.

Any balance on winding up is to be distributed to the holders of ordinary shares in proportion to the amounts paid up or credited as paid up.

## 10 Reserves

	Other reserve £'000	Profit and loss account £'000
At 2 March 2003	41,297	8,262
Retained loss for the year	-	(19,541)
<b>At 28 February 2004</b>	<b>41,297</b>	<b>(11,279)</b>

### Other reserves

Other reserves represent a capital contribution received from Matalan Holdings Limited.

## **11 Reconciliation of movement in shareholders' funds**

	<b>28 February 2004 £'000</b>	<b>1 March 2003 £'000</b>
<b>Equity shareholders' funds</b>		
Retained (loss)/profit for the financial year	<b>(19,541)</b>	764
Opening equity shareholders' funds	<b>49,701</b>	48,937
Closing equity shareholders' funds	<b>30,160</b>	49,701
<b>Non-equity shareholders' funds</b>	<b>1,303</b>	1,303
<b>Total shareholders' funds</b>		
Opening total shareholders' funds	<b>51,004</b>	50,240
Closing total shareholders' funds	<b>31,463</b>	51,004

## **12 Contingent liabilities**

An unlimited guarantee under a composite accounting agreement operates for all Matalan PLC group company bank accounts. Group bank loans and overdrafts are secured by fixed and floating charges on all the assets of the group.

### **13 Ultimate parent undertaking**

The company's immediate parent undertaking is Matalan Holdings Limited.

The company's ultimate parent undertaking is Matalan PLC, a company registered in England. Matalan PLC is both the smallest and the largest group into which the company's financial statements are consolidated. Copies of the annual report for the parent undertaking may be obtained from the following address:

The company secretary  
Matalan PLC  
Gillibrands Road  
Skelmersdale  
West Lancs  
WN8 9TB

The company regards John Hargreaves as the ultimate controlling party.



# Lee Cooper Group Limited

## Principal operating subsidiaries

The following is a list of the company's principal operating subsidiaries at 28 February 2004, all of which were wholly owned within the group. All shares are ordinary shares.

	Country of incorporation or registration
<b>Manufacturing</b>	
Lee Cooper Tunisie SA	Tunisia
<b>Distribution</b>	
Lee Cooper Belgium SA	Belgium
Lee Cooper France SAS	France
Lee Cooper Services SAS	France
Lee Cooper (Ireland) Limited	Ireland
Lee Cooper (UK) Limited	England
<b>Service</b>	
Vivat Holdings Limited*	England
Lee Cooper Holding SA	Switzerland
Vivat Holdings BV	Holland
<b>Licensing and distribution</b>	
Lee Cooper International Limited	England

Shares in subsidiaries marked with an asterisk are held directly by Lee Cooper Group Limited.

With the exception of Lee Cooper International Limited the companies operate principally in the countries of their incorporation or registration.