J.D. Williams & Company Limited

Annual Report and Financial Statements
for the 52 week period ended 26 February 2005

Registered number: 178367

Directors' report

For the 52 week period ended 26 February 2005

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the 52 week period ended 26 February 2005.

Principal activity and business review

The principal activity of the company continues to be retailing by direct mail order.

Turnover decreased by £7.9 million (1.9%) during the period to £420.5 million and profit before tax decreased by £14.4million (53.2%) to £12.6 million.

The directors expect the general level of activity to improve in the forthcoming year.

Results and dividends

Results, dividends and recommended transfers to reserves are as follows:

	£'000
Retained profit at 28 February 2004	164,229
Profit for the financial period	10,152
Dividends	(20,000)
Retained profit at 26 February 2005	154,381

Directors and their interests

The directors who served during the 52 week period are as shown below:

A. White	
D.G.M. Williams	
M. Bullas	(resigned 12 March 2004)
G. Green	
K. Basnett	(resigned 22 March 2004)
J. Hinchcliffe	
D. Moore	
K. Risk	
P. Short	(appointed 27 July 2004)
M. Armitage	(resigned 22 March 2004)

The directors had no interests in the shares of the company. The interests of the directors in the 10p ordinary shares of N Brown Group plc, the ultimate parent undertaking, are shown in the financial statements of J.D. Williams Group Limited with the exception of A. White and D. Moore, whose interests are shown in the financial statements of N Brown Group plc, and D.G.M. Williams, who held 9,000 shares at 26 February 2005 (2004 - 9,000). Those of J. Hinchcliffe, K. Risk, and P. Short are shown below.

Directors and their interests (continued)

	2005 Shares Number	2004 Shares Number
K. Risk	1,207	-
J. Hinchcliffe	2,252	-
P. Short	2,609	498

Details of share options are as follows:

	28 February 2004	Granted in period	Lapsed in period	26 February 2005	Exercise price
K. Risk					
Executive scheme	92,000	-	-	92,000	125p
Savings related scheme	-	18,579	-	18,579	88p
	92,000	18,579	-	110,579	

	28 February 2004	Granted in period	Lapsed in period	26 February 2005	Exercise price
J. Hinchcliffe					
Executive scheme	132,000	-	-	132,000	125p
Savings related scheme	-	9,520	-	9,520	99p
	132,000	9,520	-	141,520	

	28 February 2004	Granted in period	Lapsed in period	26 February 2005	Exercise price
P. Short					
Executive scheme	47,047	-	-	47,047	135.5p
Savings related scheme	7,974	-	-	7,974	116p
	55,021	-	-	55,021	

The executive share options can be exercised between 26/05/02 and 23/06/13

The savings related share options can be exercised between 01/08/06 and 31/01/10.

Directors and their interests (continued)

Details of awards of shares made under the group's deferred annual bonus scheme are as follows:

	28 February 2004	Granted in period	Exercised in period	26 February 2005	Date from which exercisable	Expiry date
K. Risk						
	-	2,011	-	2,011	28/05/05	27/11/06
	-	2,011	-	2,011		

	28 February 2004	Granted in period	Exercised in period	26 February 2005	Date from which exercisable	Expiry date
J. Hinchcliffe						
	-	3,753	-	3,753	28/05/05	27/11/06
	-	3,753	-	3,753		

	28 February 2004	Granted in period	Exercised in period	26 February 2005	Date from which exercisable	Expiry date
P. Short						
	830		(830)	-	28/05/04	27/11/04
	1,968	-	-	1,968	12/06/05	11/12/05
	-	2,380	-	2,380	28/05/05	27/11/06
	2,798	2,380	(830)	4,348		

The market price at the date of the award was 102.75p.

The market price at the date of exercise was 103p,

The total gain on the exercise of awards was £855.

Directors and their interests (continued)

Details of awards of shares made under the group's long term incentive share plans are as follows:

	28 Feb 2004	Awarded in period	Exercised in period	Lapsed in period	26 Feb 2005	Date from which exercisable	Expiry Date
K. Risk							
Basic	-	86,673	-	-	86,673	26/08/07	26/02/08
	-	86,673	-	-	86,673		

	28 Feb 2004	Awarded in period	Exercised in period	Lapsed in period	26 Feb 2005	Date from which exercisable	Expiry Date
J. Hinchcliffe							
Basic	-	128,676	-	-	128,676	26/08/07	26/02/08
	-	128,676	-	-	128,676		

	28 Feb 2004	Awarded in period	Exercised in period	Lapsed in period	26 Feb 2005	Date from which exercisable	Expiry Date
P. Short							
Basic	14,583	-	-	-	14,583	14/08/05	14/02/06
Basic	-	101,746	-	-	101,746	26/08/07	26/02/08
	14,583	101,746	-	-	116,329		

The directors do not have any other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

Creditor payment policy

It is the company's policy to comply with the terms of payment agreed with its suppliers. Trade creditors of the company at 26 February 2005 represented 35 days (2004 – 26 days) of purchases.

Employee involvement

The company firmly believes that continuing success can only be achieved through an enthusiastic, motivated and well trained workforce. Consequently, there are continued resources devoted to staff training, departmental team briefings are held and a staff attitude survey is conducted regularly. This is in addition to the established communication channels such as corporate videos, staff magazines and meetings with the recognised trade unions.

Over 1,300 company employees either hold shares in N Brown Group plc, the ultimate parent undertaking, or have options to acquire them through the executive and savings related share option schemes.

Disabled persons

It is the company's policy to offer equal opportunities to disabled persons applying for vacancies. Employees who become disabled are given every opportunity and assistance to continue in their employment or to be trained for other suitable positions.

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors of the company.

A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Griffin House
40 Lever Street
Manchester
M60 6ES

By order of the Board,

P.J. Tynan

P.J. Tynan
Secretary

21 December 2005

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 for 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, for 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 J.D. Williams & Company Limited:
We have audited the financial statements of J.D. Williams & Company Limited for the 52 weeks ended 26 February 2005 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profit and losses, the balance sheet and the related notes numbered 1 to 20. 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 the 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 the opinions we have formed.

Respective responsibilities of directors and auditors
As described in the directors' report, 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 the 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 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 with the company is not disclosed.

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

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 circumstances of the company, 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.

Independent auditors' report (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 26 February 2005 and of its profit for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Manchester

21 December 2005

Profit and loss account

For the 52 week period ended 26 February 2005

	Notes	2005 £'000	2004 £'000
Turnover	2	420,531	428,463
Cost of sales		(218,098)	(204,059)
Gross profit		202,433	224,404
Distribution costs		(47,073)	(43,628)
Selling and administration costs		(134,058)	(137,910)
Operating profit	2	21,302	42,866
Profit on sale of tangible fixed assets		432	1,542
Profit on ordinary activities before finance charges and taxation		21,734	44,408
Finance charges (net)	3	(9,099)	(17,385)
Profit on ordinary activities before taxation	4	12,635	27,023
Tax on profit on ordinary activities	6	(2,483)	(7,428)
Profit on ordinary activities after taxation		10,152	19,595
Profit for the period		10,152	19,595
Dividends	7	(20,000)	-
Retained (loss)/profit for the period		(9,848)	19,595

All activity has arisen from continuing operations.

The company has no recognised gains or losses other than the profit for either financial period. Accordingly, no statement of total recognised gains and losses has been prepared.

A statement of movements on reserves is given in note 17.

Note of historical cost profits and losses

For the 52 week period ended 26 February 2005

	2005 £'000	2004 £'000
Reported profit on ordinary activities before taxation	12,635	27,023
Difference between historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount	-	1,310
Historical cost profit on ordinary activities before taxation	12,635	28,333
Historical cost (loss)/profit for the period retained after taxation and dividends	(9,848)	20,905

Balance sheet

	Notes	26 February 2005 £'000	28 February 2004 £'000
Fixed assets			
Intangible assets	8	1,511	37
Tangible assets	9	72,444	74,944
Investments	10	2,982	2,982
		76,937	77,963
Current assets			
Stocks	11	44,603	46,310
Debtors	12	459,978	185,003
Cash at bank and in hand		32,960	13,988
		537,541	245,301
Creditors: Amounts falling due within one year	13	(455,173)	(153,394)
Net current assets		82,368	91,907
Total assets less current liabilities		193,931	169,870
Creditors: Amounts falling due after more than one year	14	-	(570)
Provisions for liabilities and charges	15	(4,804)	(4,951)
Net assets		154,501	164,349
Capital and reserves			
Called-up share capital	16	120	120
Profit and loss account	17	154,381	164,229
Equity shareholders' funds	18	154,501	164,349

The financial statements on were approved by the Board of Directors on 21 December 2005 and signed on its behalf by:

Director

21 December 2005

The accompanying notes are an integral part of this balance sheet.

1 Accounting policies

The principal accounting policies of the company are set out below and are consistent with previous periods.

a) Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain freehold properties, and in accordance with applicable United Kingdom accounting standards.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of N Brown Group plc which prepares consolidated financial statements which are publicly available. It is also, on this basis, exempt from the requirement of FRS 1 (Revised) to produce a cash flow statement.

b) Goodwill and Intangible assets

Goodwill arising of the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired is capitalised and amortised through the profit and loss account on a straight line basis over the period which the group expects to derive an economic benefit, which is currently twenty years. Provision is made for impairment. Purchased goodwill arising on acquisitions before 1 March 1998 was charged against reserves in the year of acquisition in accordance with the accounting standard then in force. As permitted by the current accounting standard the goodwill previously written off to reserves has not been reinstated in the balance sheet. Any goodwill previously charged against reserves will be written back through the profit and loss account in the year of disposal.

Other intangible assets are capitalised and amortised through the profit and loss account over the period which the company expects to derive an economic benefit, which is currently five years.

c) Tangible fixed assets

Land and buildings are shown at original historical cost or subsequent valuation, net of depreciation and any provision for impairment. Other fixed assets are shown at cost, net of depreciation and any provision for impairment.

No depreciation is charged on freehold land. Depreciation of all other tangible assets is calculated so as to write off the cost or valuation of each asset over its expected useful life as follows:

Freehold buildings	2% of cost or valuation
Leasehold property additions and improvements	equal annual amounts over the unexpired term of the lease
Motor vehicles	20% of cost
Computer equipment and software	20% of cost
Plant and machinery	between 5% and 20% of cost
All other tangible fixed assets	between 10% and 20% of cost

1 Accounting policies (continued)

c) Tangible fixed assets

During the period plant assets with a cost of £23,900,000 have been re-lifed as the directors believe this more accurately reflects the remaining useful economic life of these assets. The useful economic life has been increased from ten to fifteen years. This has reduced the depreciation charge for the period by £1.1m.

d) Capitalisation of interest

Interest incurred on funding for major capital projects is capitalised as part of the cost of the assets up to the time that they come into use. The interest rate applied is calculated by reference to the actual rate payable on borrowings utilised for the project.

e) Investments

Fixed asset investments are shown at cost less provision for impairment.

f) Stocks

Stocks are stated at the lower of cost and net realisable value.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

g) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

h) Pension costs

The ultimate parent undertaking operates a defined benefit pension scheme which certain employees are entitled to join. Contributions are charged to profit based on the advice of an independent actuary to spread the expected cost of providing pensions over the employees' working lives within the scheme.

i) Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All resulting exchange differences are taken directly to the profit and loss account.

1 Accounting policies (continued)

j) Turnover

Turnover comprises the value of sales (excluding VAT and similar taxes and trade discounts) of goods and services provided in the normal course of business.

k) Revenue recognition

Revenue is recognised as follows:

Sales of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. A provision for estimated returns is made, representing the profit on goods sold during the year which will be returned and refunded after the year end. Revenue is reduced by the value of sales returns provided for during the year.

Interest income

Interest income on customer credit accounts is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate.

Rendering of services

Revenue is recognised in respect of non-interest related financial income, delivery charges and parcel insurance. Income is recognised when the relevant service has been provided to the customer.

k) Leases

The company enters into operating and finance leases.

Assets held under finance leases are included in tangible fixed assets at a value equal to the original cost incurred by the lessor and are depreciated over the shorter of the lease term and their useful lives. Obligations to the lessor are shown as part of creditors. The interest element is charged to the profit and loss account under the reducing balance method.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

l) Web site development costs

Design and content development costs are capitalised only to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised. If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design and content are next updated, the costs of developing the design and content are charged to the profit and loss account as incurred.

2 Segment information

All turnover and operating profit is generated from the principal activity of the company in the United Kingdom and Eire.

3 Finance charges (net)

Interest payable and similar charges

	2005 £'000	2004 £'000
Bank loans and overdrafts	755	5,623
Finance leases and hire purchase contracts	61	93
Debt factoring charge	15,701	12,488
Less interest capitalised	-	(436)
	16,517	17,768
Interest receivable	(7,418)	(383)
	9,099	17,385

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2005 £'000	2004 £'000
Depreciation of owned assets	9,282	9,966
Depreciation of assets held under finance leases	84	443
Amortisation of computer database	20	56
Hire of plant and machinery under operating leases	6,041	6,928
Other operating lease rentals	3,497	2,351
Auditors' remuneration - audit services	37	32
- non-audit related services	81	79
Charitable donations	13	10

5 Staff costs

Particulars of employees (including executive directors) are as shown below:

	2005 £'000	2004 £'000
Employee costs during the period amounted to:		
Wages and salaries	56,982	56,452
Social security costs	5,061	4,783
Other pension costs	2,231	1,433
	64,274	62,668

5 Staff costs (continued)

The average monthly number of persons employed by the company during the period was as follows:

	2005 Number	2004 Number
Distribution	1,885	1,599
Sales and administration	2,281	2,321
	4,166	3,920

Directors' remuneration

Directors' remuneration was as follows:

	2005 £'000	2004 £'000
Aggregate emoluments	1,703	1,682
Company pension contributions to money purchase schemes	28	-
Compensation for loss of office	-	182
	1,731	1,864

Two directors exercised share options in N Brown Group plc, the ultimate parent undertaking, in the period (2004 - two), realising a gain of £66,700 (2004 - £67,000). Retirement benefits are accruing to three directors (2004- six) under the company's defined benefit scheme. The company made contributions into the group's defined contribution scheme during the period in respect of Dean Moore, John Hinchcliffe and Keith Risk amounting to £11,025, £10,350 and £7,029 respectively.

Highest paid director

	2005 £'000	2004 £'000
Aggregate emoluments and benefits	497	410
Company pension contributions to money purchase schemes	-	-
	497	410
Defined benefit pension scheme		
- accrued pension at end of period	108	91

6 Tax on profit on ordinary activities

The tax charge is based on the profit for the period and comprises:

	2005 £'000	2004 £'000
UK corporation tax	2,630	7,032
Deferred taxation arising from		
- capital allowances	37	119
- other timing differences	(184)	277
	2,483	7,428

The tax for the current period varied from the standard rate of corporation tax in the UK due to the following factors:

	2005 £'000	2004 £'000
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004 - 30%)	3,791	8,107
Effects of:		
Adjustments in respect of prior periods	(414)	(515)
Expenses disallowable for tax purposes	279	430
Capital allowances in excess of depreciation	(37)	(119)
Other timing differences	184	(277)
Utilisation of group tax losses	(1,053)	(161)
Utilisation of tax losses of disposal of properties	(120)	(433)
Current tax charge for the period	2,630	7,032

No payment has been made, in the current or previous period, in relation to the surrender of tax losses by fellow subsidiaries, which has reduced the corporation tax charge as above.

7 Dividends

	2005 £'000	2004 £'000
Dividend paid £166.61 (2004 - £nil) per share	20,000	-

8 Intangible fixed assets

	Customer Database £'000	Goodwill £'000	Total £'000
Cost			
At 28 February 2004	281	-	281
Additions	-	1,494	1,494
Disposals	-	-	-
At 26 February 2005	281	1,494	1,775
Amortisation			
At 28 February 2004	244	-	244
Charge for the period	20	-	20
At 26 February 2005	264	-	264
Net book value			
At 26 February 2005	17	1,494	1,511
At 28 February 2004	37	-	37

The goodwill relates to the acquisition of the trade of House of Bath Limited, a company that was purchased out of administration and consequently had no book asset value. The consideration paid and consequently goodwill had a fair value of £1,494,000.

9 Tangible fixed assets

	Freehold land and buildings £'000	Plant, equipment and motor vehicles £'000	Total £'000
Cost or valuation			
At 28 February 2004	30,799	110,158	140,957
Additions	-	6,872	6,872
Disposals	-	(81)	(81)
At 26 February 2005	30,799	116,949	147,748
Depreciation			
At 28 February 2004	3,105	62,908	66,013
Charge	645	8,721	9,366
Disposals	-	(75)	(75)
At 26 February 2005	3,750	71,554	75,304
Net book value			
At 26 February 2005	27,049	45,395	72,444
At 28 February 2004	27,694	47,250	74,944

The cost of freehold property, plant, equipment and motor vehicles includes capitalised interest of £3,755,000 (2004 - £3,755,000).

During the period plant assets with a cost of £23,900,000 have been re-lifed as the directors believe this more accurately reflects the remaining useful economic life of these assets. The useful economic life has been increased from ten to fifteen years. This has reduced the depreciation charge for the period by £1.1m.

The net book value of plant, equipment and motor vehicles above includes £730,000 (2004 - £800,000) in respect of assets held under finance leases.

Assets in the course of construction included in plant, equipment and motor vehicles at the period end date total £6,280,000 (2004 - £6,260,000).

10 Fixed asset investments

	2005 £'000	2004 £'000
Subsidiary undertakings	2,982	2,982
	2,982	2,982

The subsidiary undertakings of the company are all wholly owned, non-trading and incorporated in the United Kingdom, with the exception of Oxendale and Company Limited, a mail order company registered in the Republic of Ireland.

11 Stocks

	2005 £'000	2004 £'000
Finished goods	43,473	43,021
Sundry stocks	1,130	3,289
	44,603	46,310

12 Debtors

	2005 £'000	2004 £'000
Trade debtors	281,676	3,376
Amounts owed by group undertakings	156,125	157,564
Other debtors	4,446	5,973
Prepayments and accrued income	17,731	18,090
	459,978	185,003

During the period the company entered into a new factoring arrangement with JD Williams Finance Limited, a fellow group undertaking, on full recourse terms hence a separate disclosure basis has been adopted at 26 February 2005. The company's previous factoring arrangement with NB Finance Limited, a fellow group undertaking, was on non-recourse terms and consequently a de-recognition disclosure basis was adopted at 28 February 2004.

The company received funds of £169,517,000 in respect of this factoring arrangement during the period, which is included within amounts owed to group undertakings at 26 February 2005 on the basis that JD Williams Finance Limited has full recourse to the factored debt.

13 Creditors: Amounts falling due within one year

	2005 £'000	2004 £'000
Obligations under finance leases	570	541
Trade creditors	34,144	*25,286*
Amounts owed to group undertakings	394,064	94,393
UK corporation tax	(2,177)	1,186
Social security and other taxes	10,900	12,201
Other creditors	6,122	3,053
Accruals and deferred income	11,550	16,734
	455,173	153,394

14 Creditors: Amounts falling due after more than one year

	2005 £'000	2004 £'000
Obligations under finance leases repayable:		
- between one and two years	-	570
- between two and five years	-	-
- after more than five years	-	-
	-	570

15 Provisions for liabilities and charges

Deferred taxation

	2005 £'000	2004 £'000
Excess of tax allowances over book depreciation of fixed assets	5,035	4,998
Other timing differences	(231)	(47)
	4,804	4,951

The movement on deferred taxation comprises:

	2005 £'000	2004 £'000
At 28 February 2004	4,951	4,555
Charged/(credited) to profit and loss account, in respect of		
- capital allowances	37	119
- other timing differences	(184)	277
At 26 February 2005	4,804	4,951

15 Provisions for liabilities and charges (continued)

In accordance with Financial Reporting Standard 19 'Deferred Tax', the company's policy is now to provide for deferred taxation on a full liability basis.

16 Called-up share capital

	2005 £'000	2004 £'000
Authorised, allotted, called-up and fully-paid		
120,040 Ordinary shares of £1 each	120	120

17 Reserves

	Profit and loss account £'000
At 28 February 2004	164,229
Retained loss for the period	(9,848)
At 26 February 2005	154,381

The cumulative amount of goodwill resulting from acquisitions in the current and earlier financial years which has been written off is £2,034,000 (2004 - £2,034,000).

18 Reconciliation of movements in equity shareholders' funds

	2005 £'000	2004 £'000
Profit for the financial period	10,152	19,595
Dividends	(20,000)	-
Net (reduction in)/addition to shareholders' funds	(9,848)	19,595
Shareholders' funds as at 28 February 2004	164,349	144,754
Shareholders' funds as at 26 February 2005	154,501	164,349

19 Guarantees and other financial commitments

a) Capital commitments

At the end of the period, capital commitments were:

	2005 £'000	2004 £'000
Contracted for but not provided for	-	2,437

b) Guarantees

The company has jointly and severally guaranteed certain bank overdrafts and other liabilities of the company's ultimate parent undertaking and certain fellow subsidiary undertakings. At 26 February 2005, this indebtedness amounted to £123,000 (2004 - £6,297,000).

19 Guarantees and other financial commitments (continued)

c) Pensions commitment

The company provides pension arrangements to its employees through its immediate parent company's defined benefit scheme, The N Brown Group Pension Scheme, and the related costs are assessed in accordance with the advice of its appointed actuaries.

The assets of the scheme are held separately in trustee administered funds. The pension cost charged to the profit and loss account is calculated by a qualified actuary so as to spread the cost of pensions over the employees' working lives within the scheme. The most recent actuarial valuation was undertaken as at 30 June 2003 using the projected unit method. The assumptions which have the most significant effect on the results of the valuation are

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At 30 June 2003, the market value of the assets of the scheme was £17,863,000 and the actuarial value of these assets represented 105% of the benefits that had accrued to members to the valuation date based on salaries projected to retirement or earlier exit. There is no material difference between the calculated pension cost to be charged to the profit and loss account and the contributions paid to the scheme.

The pension cost charge for the period was £2,231,000 (2003 - £1,433,000).

As required by SSAP24, the figures included in the financial statements in respect of the company pension scheme are based on an actuarial valuation carried out at 30 June 2003. This does not take into account any impact of the fall in general stock market values since that date. Any such impact will be reflected in the next SSAP 24 triennial valuation as at 30 June 2003 based upon which subsequent pension costs will be determined until the adoption of FRS 17.

Additional disclosures regarding the group's defined benefit pension scheme are required under the transitional provisions of FRS 17 "Retirement Benefits" and these are set out below. The disclosures relate to the third year of transitional provisions.

The actuarial valuation described above has been updated at 26 February 2005 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value.

19 Guarantees and other financial commitments (continued)

c) Pensions commitment (continued)

The major assumptions used for the actuarial valuation were:

	2005 %	2004 %	2003 %
Rate of increase in salaries	4.4	4.3	3.9
Rate of increase in pensions in payment	2.9	2.8	2.4
Discount rate	5.2	5.4	5.4
Inflation assumption	2.9	2.8	2.4

The fair value of assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were:

	Long term rate of return expected at 26 Feb 2005 %	Value at 26 Feb 2005 £'000	Long term rate of return expected at 28 Feb 2004 %	Value at 28 Feb 2004 £'000	Long term rate of return expected at 1 March 2003 %	Value at 1 March 2003 £'000
Equities	6.5	14,422	6.7	12,945	6.5	9,591
Bonds	4.5	9,817	4.7	6,802	4.5	4,304
Cash	3.5	346	3.4	272	3.0	6,165
Total fair value of assets		24,585		20,019		20,060
Present value of scheme liabilities		(45,364)		(37,947)		(38,216)
Deficit in the scheme		(20,779)		(17,928)		(18,156)
Related deferred tax asset		6,234		5,378		5,447
Net pension liability		(14,545)		(12,550)		(12,709)

The movement in the deficit in the scheme during the period was as follows:

	2005 £'000	2004 £'000
Deficit in the scheme at 28 February 2004	(17,928)	(18,156)
Movement in period		
Current service cost	(1,510)	(1,521)
Contributions	2,565	2,705
Past service costs	(81)	
Other finance cost	(819)	(1,029)
Actuarial loss	(3,006)	73
Deficit in the scheme at 26 February 2005	(20,779)	(17,928)

19 Guarantees and other financial commitments (continued)

c) Pensions commitment (continued)

Analysis of reserves

If the treatment which will be required by FRS 17 had been adopted in the preparation of the accounts for the 52 weeks ended 26 February 2005, the balance which would have been shown in the reserve of the group in respect of the profit and loss account would have been analysed as follows:

	2005 £'000	2004 £'000
Profit and loss account excluding pension liability	154,381	164,229
Pension liability net of related deferred tax asset	(14,545)	(12,550)
Profit and loss account after adjustment for pension liability	139,836	151,679

Analysis of the amount charged to operating profit

If the treatment which will be required by FRS 17 had been adopted in the preparation of the accounts for the 52 weeks ended 26 February 2005, the amount which would have been charged to operating profit would have been analysed as follows:

	2005 £'000	2004 £'000
Current service cost	1,510	1,521
Past service cost	81	-
Total operating charge	1,591	1,521

Analysis of the amount charged to other finance income

If the treatment which will be required by FRS 17 had been adopted in the preparation of the accounts for the 52 weeks ended 26 February 2005, the amount which would have been charged to other finance income would have been analysed as follows:

	2005 £'000	2004 £'000
Expected return of pension scheme assets	1,274	915
Interest on pension scheme liabilities	(2,093)	(1,944)
Net charge	(819)	(1,029)

19 Guarantees and other financial commitments (continued)

c) Pensions commitment (continued)

Analysis of the amount recognised in the statement of total recognised gains and losses

If the treatment which will be required by FRS 17 had been adopted in the preparation of the accounts for the 52 weeks ended 26 February 2005, the actuarial gain which would have been recognised in the statement of total recognised gains and losses would have been analysed as follows:

	2005 £'000	2004 £'000	2003 £'000
Actual return less expected return on pension scheme assets	694	2,284	(7,490)
Experience losses and gains arising on scheme liabilities	(416)	309	-
Charges in assumptions underlying the present value of the scheme liabilities	(3,284)	(2,520)	(4,849)
Actuarial (loss)/gain recognised	(3,006)	73	(12,399)

History of experience gains and losses

	2005 £'000	2004 £'000	2003 £'000
Difference between the expected and actual return on scheme assets:			
amount	694	2,284	(7,490)
percentage of scheme assets	3%	11%	-37%
Experience losses and gains on scheme liabilities:			
amount	(416)	309	-
percentage of scheme assets	-1%	1%	0%
Total amount recognised in statement of total recognised gains and losses:			
amount	(3,006)	73	(12,399)
percentage of the present value of the scheme liabilities	-7%	0%	-32%

19 Guarantees and other financial commitments (continued)

d) Lease commitments

The minimum annual rentals under foregoing leases are as follows:

	Leasehold property £'000	Other £'000
2005		
Operating leases which expire		
- within 1 year	467	1,676
- within 2-5 years	411	3,753
- after 5 years	1,521	207
	2,399	5,636

	Leasehold property £'000	Other £'000
2004		
Operating leases which expire		
- within 1 year	163	1,489
- within 2-5 years	750	3,649
- after 5 years	1,336	182
	2,249	5,320

20 Ultimate parent undertaking

The directors regard N Brown Group plc, a company incorporated in England and Wales, as the ultimate parent company and the ultimate controlling party.

N Brown Group plc is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from Griffin House, 40 Lever Street, Manchester, M60 6ES.

As a subsidiary undertaking of N Brown Group plc, the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by N Brown Group plc.