T J HUGHES LIMITED

REGISTERED NUMBER: 224422

ANNUAL REPORT & ACCOUNTS

2003 – 2004

Contents

DIRECTORS' REPORT

For the 52 weeks ended 24 January 2004

The Directors present their annual report and the audited Financial Statements for the 52 week period ended 24 January 2004.

Principal Activities

At the period-end the Company traded through 37 specialist department stores.

Change of ownership

The entire issued share capital of the company was acquired by TJ Hughes (Investments) Limited on 14 November 2003.

Business review and future developments

During the 52 week period ended 24 January 2004 total sales increased by 4.0% from £191.3m to £198.9m and the gross margin increased from 33.9% to 34.9%.

The operating profit for the 52 week period ended 24 January 2004 amounted to £3,276,000 (2003: £2,291,000).

During the period five stores were refurbished and plans are in hand to refurbish a further four stores. In addition a number of potential sites for new stores are being considered.

Results and Dividends

The profit on ordinary activities after taxation for the period amounted to £11,480,000 (2003: £947,000). This includes a profit of £8,852,000 on the disposal of freehold properties.

The Directors do not recommend payment of a dividend for the period. A final dividend of 6.59 pence per share, amounting to £2,000,000, was paid in respect of the 52 week period ended 25 January 2003.

Directors

The Directors who held office during the year are set out below.

Mr GW Foster	
Mr AJ Goody	
Mr BAS Douglas	(resigned: 30 November 2003)
Mr D Whelan	(resigned: 14 November 2003)
Mr JD Greenwood	(resigned: 14 November 2003)
Mr BJK Dunn	(resigned: 14 November 2003)
Mr TW Knight	(resigned: 14 November 2003)

DIRECTORS' REPORT

For the 52 weeks ended 24 January 2004 – (continued)

Share Capital

No share capital was issued during the period.

Charitable and Political Contributions

Charitable contributions made by the Company in the period amounted to £1,274 (2003: £2,775). No political contributions were made during the period (2003: nil).

Payment of Suppliers

The Company does not follow any code or standard on payment practice.

The Company's policy concerning the payment of suppliers is either to agree terms of payment at the start of business with each supplier or to ensure that the supplier is made aware of the Company's standard payment terms, and, in either case, to pay in accordance with its contractual or legal obligation, subject to confirmation of receipt of merchandise in good order.

The number of day's purchases outstanding at 24 January 2004 was 33 days (2003: 67 days).

Employees

The Company seeks to ensure that disabled people, whether applying for or in employment, receive equal opportunities and are not discriminated against on the grounds of their disability.

The Company's affairs are discussed with employees on a formalised and regular basis, through management and staff councils, and through annual staff meetings held in each store following the end of the trading period.

The health and safety of the Company's employees, customers and members of the general public is a matter of primary concern. Accordingly it is the Company's policy to manage its activities so as to avoid causing any unnecessary or unacceptable risk to the health of its employees and members of the public.

Pension Fund

Full details of the Company's defined benefit pension scheme are set out in Note 18 to the Financial Statements. Pension scheme funds are administered by Trustees and are independent of the Company's finances. There is no investment in the shares of the Company.

The defined benefit pension scheme was closed to new members with effect from 28 February 2002. A defined contribution stakeholder pension scheme was made available to all full-time and part-time employees of the Company with effect from 1 February 2002.

DIRECTORS' REPORT
For the 52 weeks ended 24 January 2004 – (continued)

Directors' Interests and Options

i) None of the Directors held any ordinary shares of the company or any options over ordinary shares of the company at 24 January 2004 or 25 January 2003. The interests of the Directors in the Company have not changed since the period end.

ii) At 24 January 2004 Mr GW Foster held 65,000 A Ordinary shares in Beringer Limited, the ultimate holding company.

iii) At 24 January 2004 Mr AJ Goody held 25,000 A Ordinary shares in Beringer Limited, the ultimate holding company.

The Euro

Although the UK is not a member of the initial phase of Economic and Monetary Union effective on 1 January 1999 we have had discussions with retail trade organisations and suppliers about the practical aspects of introducing the Euro. Our assessment is that the initial impact on the Company will be minimal. If the UK were to adopt a single European currency, then the costs to the Company would depend on the policies and timing which may be adopted.

By Order of the Board

A Goody 22/4/04

A J Goody
Secretary

DIRECTORS' RESPONSIBILITIES STATEMENT

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 period and the profit or loss for that period. In preparing those Financial Statements, the Directors are required to:

— select suitable accounting policies and apply them consistently;

— make judgements and estimates that are reasonable and prudent;

— state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;

— 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 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.

KPMG

8 Princes Parade
Liverpool L3 1QH
United Kingdom

Report of the independent auditors to the members of TJ Hughes Limited

We have audited the financial statements on pages 6 to 24.

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

The directors are responsible for preparing the directors' report and, as described on page 4 the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

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 as at 24 January 2004 and of its profit for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

22 April 2004

PROFIT AND LOSS ACCOUNT

For the 52 weeks ended 24 January 2004

	Notes	*52 weeks 2004 £'000*	*52 weeks 2003 as restated Note 1 £'000*
TURNOVER – continuing activities	2	198,900	191,297
Cost of Sales		(129,566)	(126,483)
GROSS PROFIT		69,334	64,814
Distribution costs		(54,808)	(51,492)
Administrative expenses before exceptional expenses		(11,250)	(10,370)
Exceptional administrative expenses	4	-	(661)
		(11,250)	(11,031)
OPERATING PROFIT – continuing activities	3	3,276	2,291
Profit on disposal of freehold properties		8,852	-
Net interest payable	5	(12)	(421)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		12,116	1,870
Tax on profit on ordinary activities	7	(636)	(923)
PROFIT FOR THE FINANCIAL PERIOD		11,480	947
Dividends	8	-	(2,000)
PROFIT RETAINED FOR THE FINANCIAL PERIOD	15	11,480	(1,053)

The difference between the profit reported above and that calculated on an historical cost basis is set out on page 7.

All activity has arisen from continuing operations.

The notes on pages 11 to 24 form part of these Financial Statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the 52 weeks ended 24 January 2004

	Notes	*52 weeks 2004 £'000*	*52 weeks 2003 as restated Note 1 £'000*
Profit for the financial period		11,480	947
Prior year adjustment	1	(7,546)	-
Total gains and losses recognised since last Annual Report		3,934	947

NOTE OF HISTORICAL COST PROFITS AND LOSSES

For the 52 weeks ended 24 January 2004

	52 weeks 2004 £'000	*52 weeks 2003 as restated Note 1 £'000*
Reported profit on ordinary activities before taxation	12,116	1,870
Realisation of property revaluation gains of previous years	415	-
Difference between a historical cost depreciation charge and the actual depreciation charge on the revalued amount	4	5
Historical cost profit on ordinary activities before taxation	12,535	1,875
Historical cost profit for the year retained after taxation and dividends	11,899	(1,048)

The notes on pages 11 to 24 form part of these Financial Statements.

BALANCE SHEET
at 24 January 2004

	Notes	2004 £'000	2004 £'000	2003 as restated Note 1 £'000	2003 as restated Note 1 £'000
FIXED ASSETS					
Tangible assets	9		38,448		45,400
CURRENT ASSETS					
Stocks		28,390		33,429	
Debtors falling due within one year	10	3,785		3,309	
Debtors falling due after more than one year	10	8,904		-	
Debtors		12,689		3,309	
Cash at bank and in hand		6,191		18,660	
		47,270		55,398	
CREDITORS – amounts falling due within one year	11	(25,189)		(45,180)	
NET CURRENT ASSETS			22,081		10,218
TOTAL ASSETS LESS CURRENT LIABILITIES			60,529		55,618
CREDITORS – amounts falling due after more than one year	11		(15,575)		(22,929)
PROVISIONS FOR LIABILITIES AND CHARGES	13		(3,336)		(2,551)
NET ASSETS			41,618		30,138
CAPITAL AND RESERVES					
Called up share capital	14		3,035		3,035
Share premium account	15		20,265		20,265
Revaluation reserve	15		-		419
Profit and loss account	15		18,318		6,419
EQUITY SHAREHOLDERS' FUNDS			41,618		30,138

These Financial Statements were approved by the Board of Directors on
and signed on its behalf by:

G W Foster Director 22/4/04

A J Goody A Goody Director 22/4/04

The notes on pages 11 to 24 form part of these Financial Statements.

CASH FLOW STATEMENT
For the 52 weeks ended 24 January 2004

		52 weeks 2004		*52 weeks 2003*	
		£'000	*£'000*	*£'000*	*£'000*
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES	(a)		(3,903)		24,922
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest paid		(322)		(586)	
Interest received		280		158	
			(42)		(428)
TAXATION					
UK Corporation tax paid			(324)		(707)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS					
Disposal of tangible fixed assets		16,062		-	
Purchase of tangible fixed assets		(4,858)		(9,562)	
			11,204		(9,562)
EQUITY DIVIDENDS PAID			(2,000)		-
Cash inflow before financing			4,935		14,225
FINANCING					
Long term loan to parent undertaking		(8,904)			
Proceeds from issue of shares		-		124	
(Loan repayment)/Receipt from new loans		(8,500)		(1,500)	
			(17,404)		(1,376)
INCREASE / (DECREASE) IN CASH	(b)		(12,469)		12,849

The notes on pages 11 to 24 form part of these Financial Statements.

CASH FLOW STATEMENT

For the 52 weeks ended 24 January 2004– (continued)

(a) Reconciliation of operating profit to net cash flow from operating activities

	52 weeks 2004	*52 weeks 2003 as restated Note 1*
	£'000	*£'000*
Operating profit	3,276	2,291
Depreciation and other amounts written off tangible fixed assets	4,673	3,456
Decrease/(Increase) in stocks	5,039	531
Decrease/(Increase) in debtors	(476)	1,558
Increase / (decrease) in creditors	(16,415)	17,086
Net cash (outflow) / inflow from operating activities	(3,903)	24,922

(b) Reconciliation of net cash flow to movement in net debt

	52 weeks 2004 £'000	*52 weeks 2003 £'000*
Increase/(Decrease) in cash in the period	(12,469)	12,849
Cash inflow/(outflow) from change in debt	8,500	1,500
Movement in net debt in period	(3,969)	14,349
Net (debt)/funds at 26 January 2002	10,160	(4,189)
Net funds/(debt) at 25 January 2003	6,191	10,160

(c) Analysis of net (debt)/funds

	25 January 2003	*Cash flow*	*24 January 2004*
	£'000	*£'000*	*£'000*
Cash at bank and in hand	18,660	(12,469)	6,191
Debt due within one year	(2,000)	2,000	-
Debt due after more than one year	(6,500)	6,500	-
	10,160	(3,969)	6,191

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 24 January 2004

1. Accounting Policies

The principal accounting policies adopted by the Company are set out below. These policies have been consistently applied except in respect of the changes set out in paragraphs (f), (g) and (h) below.

(a) **Basis of preparation**
The Financial Statements have been prepared for the 52 week period (2003: 52 week period) ended 24 January 2004 under the historical cost convention as modified by the revaluation of freehold premises, and in accordance with applicable accounting standards.

(b) **Stocks**
Stocks, representing goods for resale, are valued at the lower of cost and net realisable value.

(c) **Deferred taxation**
Except where otherwise required by Accounting Standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.

(d) **Depreciation**
Tangible fixed assets are included at cost or valuation, less accumulated depreciation. Depreciation was not provided on the freehold store in Liverpool that was disposed of during the period. In previous years an impairment test under FRS 11 was carried out on these premises to confirm the appropriateness of the valuation. Depreciation is charged on a straight line basis over the following periods:

(i) Freehold buildings other than stores – 50 years.
(ii) Fixed plant in freehold – 2.5% to 10% per annum.
(iii) Short leasehold buildings and fixed plant – over the remaining period of the lease.
(iv) Fixtures, fittings and equipment – 10% to 20% per annum.

The Company has taken advantage of the transitional arrangements of FRS 15 to retain the book amount of revalued assets at their previous revaluations. The date of the last revaluation was January 1995.

(e) **Leased assets**
Operating leases are charged to the profit and loss account on a straight line basis over the lease term.

(f) **Capital contributions**
UITF Abstract 28 requires capital contributions receivable in respect of new stores to be allocated to the profit and loss account 'over the shorter of the lease term and a period ending on a date from which it is expected the prevailing market rent will be payable'.

Previously capital contributions were credited to the profit and loss account in equal instalments over the period prior to the first rent review. Having reviewed the substance of the capital contributions receivable by the company and their relationship to subsequent rent levels in the light of Generally Accepted Accounting Practice the Directors have concluded that a more appropriate accounting policy is to credit the profit and loss account in equal instalments over the period of the lease. This change has been accounted for as a prior year adjustment and previously reported figures restated accordingly.

1. Accounting Policies *(continued)*

The effect of this change in accounting policy was to reduce profit before tax for the period by £1,795,000 (period to 25 January 2003: reduce profit before tax by £1,764,000), to reduce creditors falling due within one year at 25 January 2003 by £1,811,000, to increase creditors falling due after more than one year at 25 January 2003 by £9,836,000, to reduce corporation tax payable at 25 January 2003 by £391,000, to reduce the provision for deferred tax at 25 January 2003 by £683,000 and to reduce the profit and loss account at 25 January 2003 by £6,952,000.

Other incentives receivable towards the costs of fitting out new stores are credited to the profit and loss account in equal instalments over the period to the first rent review date.

(g) **Supplier discounts**
In previous years discounts received from suppliers were credited against administrative expenses in the profit and loss account. In accordance with *FRS 18:Accounting Policies* the Directors have considered the substance of these discounts and concluded that the appropriate accounting treatment is to credit supplier discounts against cost of sales and reduce the company stock valuation in respect of discounts receivable on individual stock lines. This change has been accounted for as a prior year adjustment and previously reported figures restated accordingly.

The effect of this change in accounting policy was to reduce profit before tax for the period by £140,000 (period to 25 January 2003: increase profit before tax by £24,000), to reduce stock at 25 January 2003 by £848,000, to reduce corporation tax payable at 25 January 2003 by £254,000 and to reduce the profit and loss account at 25 January 2003 by £594,000.

(h) **Revenue recognition**
Amendment to FRS 5 'Reporting the substance of transactions': Revenue recognition, issued in November 2003, required a change in the company's profit and loss account classification of income receivable from concession operations and staff discount. Previously reported figures have been restated accordingly.

The effect of the reclassification in the period is to reduce turnover by £17,995,000, to reduce cost of sales by £17,619,000 and to reduce distribution costs by £376,000. The effect of the reclassification on the profit and loss account for the period to 25 January 2003 is to reduce turnover by £17,440,000, to reduce cost of sales by £17,138,000 and to reduce distribution costs by £302,000. The reclassification has no impact on the profit before tax for either the current or preceding period or on the balance sheet as at 25 January 2003.

(i) Pensions
The cost of the Company's defined benefit pension scheme is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees (see Note 18). The pension cost is assessed in accordance with the advice of qualified actuaries.

1. Accounting Policies *(continued)*

Whilst the Company continues to account for pension costs in accordance with SSAP 24 "Accounting for Pensions Costs", certain transitional disclosures required by FRS 17 "Retirement Benefits" are presented in Note 18.

(j) **Grants**
Grants in respect of capital expenditure are recognised in the profit and loss account on a straight line basis over the expected useful life of the asset to which they relate. Grants in respect of revenue expenditure are recognised in the profit and loss account in the period in which they become receivable.

(k) **Significant estimates**
FRS 18 requires disclosure of the bases of significant estimations in Company accounts. The only significant estimate in these accounts is in relation to the provision for slow moving stock which is based on current and forecast realisable values.

2. Turnover and Profit on Ordinary Activities before Taxation

Turnover consists of the amounts receivable for goods and services supplied by the company as principal, excluding value added tax. Turnover and profit on ordinary activities relate wholly to continuing retailing activities in the United Kingdom.

3. Operating Profit

	52 weeks 2004 £'000	*52 weeks 2003 £'000*
This has been stated after charging/(crediting):		
Exceptional items (note 4)	-	661
Depreciation and other amounts written-off tangible fixed assets	4,631	3,456
Loss on disposal of tangible fixed assets	42	-
Operating lease rentals		
Plant and equipment	570	524
Land and buildings	9,367	8,818
Release of government grants	(7)	(7)
Fees payable to auditors		
For audit services	30	35
For other services	-	-

4. Exceptional Items

The exceptional expense of £661,000 included in administrative expenses for the 52 week period ended 25 January 2003 comprises costs incurred in respect of the acquisition of the company by JJB Sports plc and includes fees payable to the company's brokers, solicitors and auditors.

NOTES TO THE FINANCIAL STATEMENTS
For the 52 weeks ended 24 January 2004– (continued)

5. Net Interest Payable

	52 weeks 2004 £'000	*52 weeks 2003 £'000*
On bank loans and overdrafts	276	574
Other interest payable	16	4
Bank interest receivable	(191)	(70)
Other interest receivable	(89)	(87)
	12	421

6. Directors and Employees

Employees

The average number of persons employed by the Company was:

	52 weeks 2004	*52 weeks 2003*
Full time	971	1,074
Part time	2,476	2,693
	3,447	3,767
Total expressed in terms of full time equivalent employees	1,698	1,835

The aggregate payroll costs of these persons were as follows:

	52 weeks 2004 £'000	*52 weeks 2003 £'000*
Wages and salaries	24,646	24,221
Social security costs	1,520	1,336
Pension costs	680	478
	26,846	26,035

The remuneration of the directors was as follows:

	52 weeks 2004 £'000	*52 weeks 2003 £'000*
Emoluments	640	545
Pension contributions	34	33
Compensation for loss of office	171	31
Fees paid to third parties in respect of directors' services	-	4
	845	613

NOTES TO THE FINANCIAL STATEMENTS
For the 52 weeks ended 24 January 2004– (continued)

6. Directors and Employees *(continued)*

The above amounts include the following in respect of the highest paid director.

	52 weeks 2004 £'000	*52 weeks 2003 £'000*
Emoluments	369	289
Pension contributions	34	33
	403	322

The accrued pension entitlement under the company's defined benefit scheme of the highest paid director at 24 January 2004 was £22,060 (2003: £18,413).

7. Taxation

The charge for the year comprises:	*52 weeks 2004 £'000*	*52 weeks 2003 as restated £'000*
Corporation tax		
UK Corporation tax charge at 30% (2002/03: 30%) based on taxable profit for the period	931	554
Adjustment in respect of prior periods	(882)	-
	49	554
Deferred tax		
Origination and reversal of timing differences	268	369
Adjustment in respect of prior periods	319	-
	587	369
Total tax charge	636	923

The tax charge for the period is lower than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below.

	52 weeks 2004 £'000	52 weeks 2003 *as restated* £'000
Profit on ordinary activities before tax	12,116	1,870
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	3,635	561
Effects of:		
Expenses not deductible for tax purposes	51	219
Capital allowances less than/(in excess of) depreciation	(11)	(54)
Non taxable profit on disposal of property	(2,643)	-
Other non taxable income	(101)	(172)
Adjustment to tax charge in respect of previous periods	(882)	-
Current tax charge for the period	49	554

NOTES TO THE FINANCIAL STATEMENTS
For the 52 weeks ended 24 January 2004– (continued)

8. Dividends

Ordinary shares:	*52 weeks 2004 £'000*	*52 weeks 2003 £'000*
Final dividend: Nil (2003: 6.59p per share)	-	2,000
Dividends on equity shares	-	2,000

9. Tangible Fixed Assets

	Freehold properties and fixed plant £'000	*Short leasehold properties and fixed plant £'000*	*Fixtures, fittings and equipment £'000*	*Total £'000*
Cost or valuation				
At 25 January 2003	8,099	28,280	25,836	62,215
Additions	-	85	4,846	4,931
Disposals	(8,099)	(2)	(49)	(8,150)
At 24 January 2004	-	28,363	30,633	58,996
Depreciation				
At 25 January 2003	760	5,191	10,864	16,815
Charge for period	129	1,204	3,298	4,631
Disposals	(889)	-	(9)	(898)
At 24 January 2004	-	6,395	14,153	20,548
Net book amount				
At 24 January 2004	-	21,968	16,480	38,448
At 25 January 2003	7,339	23,089	14,972	45,400

In 1994/5 the Company's two freehold properties were revalued by an independent valuer on an open market existing use basis and the aggregate surplus of £434,000 was credited to a revaluation reserve.

Under the historical cost convention freehold properties would have been included at a cost of Nil (2003: £7,665,000) less accumulated depreciation of Nil (2003: £745,000).

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 24 January 2004– (continued)

10. Debtors

	2004	*2003*
	£'000	*£'000*
Amounts falling due within one year		
Trade debtors	819	994
Prepayments	2,966	2,315
	3,785	3,309
Amounts falling due after more than one year		
Amounts owed from parent undertaking	8,904	-

11. Creditors

	2004	*2003*
		as restated
Amounts falling due within one year:	*£'000*	*£'000*
Bank loan	-	2,000
Trade creditors	9,759	29,028
Taxation and social security	3,246	3,671
Accruals and deferred income	12,184	8,481
Proposed dividend	-	2,000
	25,189	45,180
Amounts falling due after more than one year:		
Bank loan	-	6,500
Accruals and deferred income	15,575	16,429
	15,575	22,929

12. Treasury Policy and Financial Instruments

The Company's policy, approved by the Directors, is to manage its funding requirements and treasury risks without undertaking any speculative risks. The Company's policy with regard to the maturity profile and interest rate risk of debt is that the majority of the Company's financing should be provided by floating rate debt. Debt should be fixed for a period if raised to finance expansion with the remainder being short term. At the year-end the company was debt free and had an undrawn overdraft facility of £10m with the Company's clearing bank. Cash deposits are placed short term with the clearing bank where security and liquidity are the prime objectives. The Company's policy is to take out future loans at variable interest rates.

Less than one per cent of the Company's purchases are made in foreign currencies. Where necessary, to reduce any associated risk these transactions are covered, as commitments are made, by foreign exchange contracts. Such commitments generally do not extend further than two to three months beyond the balance sheet date. There were no material hedging gains or losses during the period.

(a) The Company does not trade in derivatives.

(b) Short term debtors and creditors have been excluded from all the following disclosures.

NOTES TO THE FINANCIAL STATEMENTS
For the 52 weeks ended 24 January 2004– (continued)

12. Financial Instruments *(continued)*

(c) Currency and interest rate profile of all financial liabilities.

	2004 *£'000*	*2003* *£000*
Term Bank Loan (Sterling)	-	8,500

The term loan has now been repaid in full. The term loan was unsecured and interest was payable at 0.75% above LIBOR.

(d) Currency and interest rate profile of financial assets

	2004 *£'000*	*2003* *£000*
Cash at bank and in hand (Sterling)	6,191	18,660

Cash balances are held with the Company's clearing bank. They earn interest at money market rates.

(e) Maturity of Financial Liabilities.

The maturity profile of the carrying amount of the Company's financial liabilities, other than short-term creditors such as trade creditors and accruals, was as follows:

	2004 *Debt* *£'000*	*2003* *Debt* *£'000*
In one year or less		2,000
In more than one year but not more than two	-	2,000
In more than two years but not more than five	-	4,500
In more than five years	-	-
	-	8,500

(f) Borrowing Facilities

The Company had an undrawn committed £10.0m overdraft facility available at 24 January 2004 (25 January 2003: £10.0m) at a floating interest rate. This facility expires within one year.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 24 January 2004– (continued)

12. Financial Instruments *(continued)*

(g) Fair Values of Financial Assets and Liabilities

	2004 Book Value £'000	*2004* Fair Value £'000	*2003* Book Value £'000	*2003* Fair Value £'000
Short term borrowings (due in less than one year)	-	-	(2,000)	(2,000)
Long term borrowings (due in more than one year)	-	-	(6,500)	(6,500)
Cash at bank and in hand	6,191	6,191	18,660	18,660

13. Provisions for Liabilities and Charges

	2004 £'000	*2003 as restated* £'000
Deferred taxation	2,974	2,387
Pension obligations	362	164
	3,336	2,551
Deferred taxation has been provided in full in respect of		
Accelerated capital allowances	3,207	2,567
Other short-term timing differences	(233)	(180)
	2,974	2,387

No provision has been made for deferred taxation in respect of any future disposals of revalued properties as the Directors do not envisage any such liability crystallising in the foreseeable future.

The movement in provisions is as follows:	*Deferred Taxation* £'000	*Pension Obligations* £'000
At 25 January 2003 as previously stated	3,070	164
Prior year adjustment (Note 1)	(683)	-
At 25 January 2003 as restated	2,387	164
Charged/(credited) to profit and loss account	587	198
At 24 January 2004	2,974	362

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 24 January 2004– (continued)

14. Called Up Share Capital

The authorised share capital is represented by 47,900,000 (2002: 47,900,000) ordinary shares of 10p each. The called-up share capital, all fully paid, is as follows:

	Number of shares	*£'000*
Balance at beginning and end of year	30,351,901	3,035

15. Reserves

The movement on reserves is as follows:

	Share premium account £'000	*Revaluation reserve £'000*	*Profit and loss account £'000*
At 25 January 2003 (as previously stated)	20,265	419	13,965
Prior year adjustment (Note 1)	-	-	(7,546)
	20,265	419	6,419
Retained profit for the period	-	-	11,480
Reserve transfer	-	(419)	419
Premium on share issue	-	-	--
At 24 January 2004	20,265	-	18,318

The cumulative amount of goodwill written off directly against reserves amounts to £416,000 (2002: £416,000).

16. Reconciliation of Movements in Shareholders' Funds

	52 weeks 2004 £'000	*52 weeks as restated Note 1 2003 £'000*
Profit for the financial period	11,480	947
Dividends	-	(2,000)
	11,480	(1,053)
Net proceeds of issue of shares	-	124
Net addition to shareholders' funds	11,480	(929)
Opening shareholders' funds (originally £37,684,000 at 25 January 2003, restated to £30,138,000 as a result of the prior year adjustment of £7,546,000)	30,138	31,067
Closing shareholders' funds	41,618	30,138

17. Commitments

The capital commitments are as follows:

	2004 *£'000*	*2003* *£'000*
Contracts for capital expenditure	1,558	1,643

Current annual rental commitments of the Company under operating leases are as follows:

	2004		*2003*	
	Land and Buildings £'000	*Others £'000*	*Land and Buildings £'000*	*Others £'000*
Lease expiring:				
within one year	-	79	-	73
in the second to fifth year inclusive	-	491	-	451
over five years	11,100	-	9,706	-
	11,100	570	9,706	524

The company is subject to a debenture given in favour of the Royal Bank of Scotland to secure its revolving credit facility of £10 million and guarantees totalling £20 million in respect of term loans for TJ Hughes (Investments) Limited.

18. Pensions

The company operates a defined benefit scheme, which is now closed to new members. The scheme is administered through a separate trustee administered fund. Also, the company operates a stakeholder pension.

The pension cost for the defined benefit scheme was £675,000 (2003: £478,000). The pension cost for the stakeholders pension was £5,000 (2003: £479).

The pension cost of the defined benefit scheme is assessed in accordance with the advice of an independent professionally qualified actuary. The latest actuarial valuation was at 31 March 2003 and used the attained age method of valuation. The main actuarial assumptions were that:

i) Salaries would increase by 3.5% per annum.

ii) The return on scheme investments would be 6.5% per annum.

iii) Pensions in payment would increase by 2.5% per annum.

At 31 March 2003, the date of the last actuarial valuation, the market value of the assets of the scheme was £6,124,000 and this gave a deficit of £1,685,000 in covering the guaranteed benefits accrued to members at that date after allowing for expected future increases in earnings and pensions.

18. Pension arrangements *(continued)*

The pension contributions made to the defined benefit scheme by the company were 11% up to 30 November 2003 and 16% thereafter. This increase in contributions reflects the outcome of the actuarial valuation at 31 March 2003. The pension contributions made by the employees were 4%.

As noted above, and as required by SSAP 24, the figures included in the financial statements in respect of the company pension scheme are based on an actuarial valuation carried out at 31 March 2003.

Additional disclosures regarding the company's defined benefit pension scheme are required under the transitional provisions of FRS 17, Retirement Benefits', and these are set out below. They provide information that will be necessary for full implementation of FRS 17.

The actuarial valuation described above has been updated at 24 January 2004 by a qualified independent actuary using revised assumptions that are consistent with the requirement of FRS 17. Investments have been valued, for this purpose, at fair value.

The major assumptions used for the valuation were:

	2004 % per annum	*2003 % per annum*	*2002 % per annum*
Rate of increase of salaries	3.3%	2.9%	3.4%
Rate of increase pensions in payment	2.8%	2.4%	2.4%
Discount rate	5.4%	5.25%	5.8%
Inflation rate	2.8%	2.4%	2.4%
Total return on assets	6.7%	6.25%	6.42%

The fair value of the 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:

	2004 Value £'000	*2003 Value £'000*
Total fair value of assets	7,691	6,090
Present value of scheme liabilities	(9,002)	(8,440)
(Deficit) in the scheme	(1,311)	(2,350)
Deferred tax asset	393	705
Net pension (liability)	(918)	(1,645)

The amounts above are in respect of the entire defined benefit scheme.

18. Pension arrangements *(continued)*

History of experience gains and losses

	2004 Value £'000	*2003 Value £'000*
Difference between the actual and expected return on scheme assets	781	(1,543)
Value of plan assets	7,691	6,090
Percentage of scheme assets	10.15%	(25.34%)
Experience gains on scheme liabilities	(709)	325
Present value of scheme liabilities	9,002	8,440
Percentage of the present value of scheme liabilities	(7.87%)	3.85%

History of experience gains and losses (continued)

	2004 Value £'000	*2003 Value £'000*
Actuarial (losses) recognised in STRGL	1,090	(1,807)
Present value of scheme liabilities	9,002	8,440
Percentage of the present value of scheme liabilities	12.11%	(21.41%)

19. Ultimate controlling party

The directors regard Beringer Limited, a company incorporated in the United Kingdom, as the ultimate parent company and ultimate controlling party.

The first financial statements for Beringer Limited will be prepared for the 15 month period ending 30 January 2005.

20. Related party transactions

At 24 January 2004 the company was owed £8,904,000 by its parent undertaking (2003: nil) in respect of amounts paid by the company on behalf of its parent undertaking.