

Bon Marché Limited

Annual report and financial statements
for the year ended 31 March 2004

Registered number: 270937



Directors' report

For the year ended 31 March 2004

The directors present their annual report on the affairs of the company, together with the financial statements and independent auditors' report, for the year ended 31 March 2004.

Principal activity, business review and future prospects

The principal activity of the company is that of the retailing of garments, specialising in ladieswear. During the year the company continued to open profitable new stores while maintaining like-for-like sales growth.

The directors expect the general level of activity to continue for the ensuing year.

Results and dividends

The profit of the company for the period after taxation amounted to £11,508,000 (2003: £8,352,000). The directors do not recommend a dividend (2003: £nil).

Directors and their interests

The directors and company secretary who served during the year were as follows:

R S Kirk

K R Bryant

N Burns

A McDonald

D Pidgeon

S Alldridge (appointed 23 July 2003)

M D Killick (Company Secretary)

No director held any interests in the shares of this company at the start or end of the year.

A McDonald, D Pidgeon and S Alldridge held no interests in the shares of any other group companies at the start or end of the year. The interests of R S Kirk, K R Bryant and N Burns in The Peacock Group plc and other group companies are disclosed in the directors' report of that company.

Directors' report (continued)

Directors and their interests (continued)

The directors hold share options that relate to The Peacock Group plc share schemes and further details are given in the financial statements of that company. The details of the options are as follows :

	At 31 March 2003	During the period		At 31 March 2004	Price	Exercise period	
		Granted	Exercised			from	to
A McDonald	90,000	-	-	90,000	£1.01	28.03.06	28.03.13
D Pidgeon	150,000	-	-	150,000	£1.01	28.03.06	28.03.13
	84,592	-	-	84,592	£1.00	05.06.04	05.06.11
	49,583	-	-	49,583	£1.08	30.08.04	30.08.11
S Alldridge	76,875	-	-	76,875	£1.01	28.03.06	28.03.13
	10,938	-	-	10,938	£1.08	30.08.04	30.08.11
	20,207	-	-	20,207	£1.93	03.12.02	03.12.09

Details of the share options of R S Kirk, K R Bryant and N Burns in The Peacock Group plc are disclosed in the directors' report of that company.

Supplier payment policy

The company's policy to settle terms of payment with suppliers when agreeing the terms of each transaction, ensures that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the company at 31 March 2004, expressed as number of days outstanding, was 56 days (2003: 52 days).

Employees

The company provides employees with information necessary to meet their concerns. Disabled persons are employed by the company when they appear to be suited to a particular vacancy, having regard to their particular aptitudes and abilities.

Auditors

The directors will place a resolution before the Annual General Meeting to reappoint Deloitte & Touche LLP as auditors for the ensuing year.

Atlantic House
Tyndall Street
Cardiff
CF10 4PS

22 July 2004



By order of the Board,

K R Bryant
Director

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 of the company for that period.

In preparing the 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, 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 Bon Marché Limited

We have audited the financial statements of Bon Marché Limited for the year ended 31 March 2004, which comprise the profit and loss account, the note of historical cost profits and losses, the balance sheet, and the related notes 1 to 23. 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 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

As described in the statement of directors' responsibilities, 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 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

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

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

Independent auditors' report (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2004 and of its profit for the year 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
Bristol

22 July 2004

Profit and loss account

For the year ended 31 March 2004

	Note	Year ended 31 March 2004 £'000	14 month period ended 31 March 2003 £'000
Turnover	2	167,604	169,281
Cost of sales		(131,281)	(134,505)
Gross profit		36,323	34,776
Administrative expenses		(20,402)	(24,055)
Other operating income		228	-
Operating profit		16,149	10,721
(Loss) / profit on sale of fixed assets		(408)	146
Profit on ordinary activities before interest		15,741	10,867
Finance charges (net)	4	(642)	17
Profit on ordinary activities before taxation	6	15,099	10,884
Tax on profit on ordinary activities	7	(3,591)	(2,532)
Retained profit for the financial period	18	11,508	8,352

There were no recognised gains and losses other than the profit or loss in each period. Accordingly no separate statement of total recognised gains and losses has been prepared.

All results derive from continuing operations.

Note of Historical Cost Profits and Losses

For the year ended 31 March 2004

	Year ended 31 March 2004 £'000	14 month period ended 31 March 2003 £'000
Reported profit on ordinary activities before taxation	15,099	10,884
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	-	11
Realisation of property valuation gains of previous years	424	-
Historical cost profit for the period before taxation	15,523	10,895
Historical cost profit for the period after taxation	11,932	8,363

Balance sheet

31 March 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Tangible fixed assets	8	31,361	28,026
Investments	9	27	27
		<u>31,388</u>	<u>28,053</u>
Current assets			
Stocks	10	25,200	21,421
Debtors	11	22,808	9,269
Cash at bank and in hand		2,036	2,225
		<u>50,044</u>	<u>32,915</u>
Creditors: amounts falling due within one year	12	<u>(49,935)</u>	<u>(41,508)</u>
Net current assets / (liabilities)		<u>109</u>	<u>(8,593)</u>
Total assets less current liabilities		<u>31,497</u>	<u>19,460</u>
Creditors: amounts falling due after more than one year	13	<u>(2,350)</u>	<u>(1,388)</u>
Provisions for liabilities and charges	14	<u>(912)</u>	<u>(1,345)</u>
Net assets		<u>28,235</u>	<u>16,727</u>
Capital and reserves			
Called-up share capital	15	204	204
Revaluation reserve	16	-	424
Profit and loss account	16	28,031	16,099
		<u>28,235</u>	<u>16,727</u>
Shareholders' funds	18	<u>28,235</u>	<u>16,727</u>
Shareholders' funds may be analysed as:			
Equity interests		203	203
Non-equity interests		28,032	16,524
		<u>28,235</u>	<u>16,727</u>

The financial statements were approved by the board of directors on 22 July 2004 and signed on its behalf by:

K R Bryant
Director



22 July 2004

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

Notes to the financial statements

For the year ended 31 March 2004

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding period.

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, 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 The Peacock Group plc which prepares consolidated financial statements which are publicly available.

Under FRS 1, the company is exempt from preparing a cash flow statement on the ground that it is a wholly owned subsidiary undertaking whose ultimate parent company has prepared a consolidated statement of cash flows which incorporates those of the company.

b) Investments

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

c) Tangible fixed assets

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life.

The current rates of depreciation in use are:

Freehold property	-	2% per annum
Long leasehold property	-	Up to a maximum of 50 years
Short leasehold property	-	Length of lease
Fixtures, fittings and equipment	-	10% - 25% per annum
Motor vehicles	-	20% - 25% per annum

Freehold land is not depreciated.

e) Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life. Future instalments under such leases, net of financial charges, are included within creditors. Interest charges implicit in the lease payments are charged to the profit and loss account over the lease term so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

Notes to the financial statements

For the year ended 31 March 2004

e) Leases (continued)

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight-line basis over the life of the lease.

Reverse premiums and similar incentives are spread on a straight-line basis over the lease term or over the period to the next rental review date at which the rental paid can reasonably be expected to be revised to a market rate.

f) Stocks

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

g) Taxation

United Kingdom corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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 that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which future reversal of the underlying timing differences can be deducted.

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 the 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) Provisions

In accordance with FRS 12 provision is made for expected dilapidation costs on properties.

i) Turnover

Turnover represents the amounts charged to customers for goods supplied excluding value added tax.

j) Pension costs

The company contributes to employees' individual pension arrangements through a group personal pension plan which is administered separately from the company. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Notes to the financial statements

For the year ended 31 March 2004

2 Turnover

Turnover, all of which originated in the United Kingdom and the Isle of Man, comprises retail sales, less returns and is shown exclusive of value added tax and discounts given.

3 Staff numbers and costs

The average monthly number of employees (including directors and part-time employees) was:

	2004 Number	2003 Number
Administration	139	139
Distribution	2,980	2,835
	<u>3,119</u>	<u>2,974</u>

Their aggregate remuneration comprised:

	Year ended 31 March 2004 £'000	14 month period ended 31 March 2003 £'000
Wages and salaries	26,011	26,144
Social security costs	1,647	1,600
Pension costs (see note 20)	417	491
	<u>28,075</u>	<u>28,235</u>

4 Finance charges (net)

	Year ended 31 March 2004 £'000	14 month period ended 31 March 2003 £'000
Interest receivable	<u>(14)</u>	<u>(69)</u>
Interest payable		
On bank loans and overdrafts	20	35
Finance charges (receivable) / payable in respect of finance leases	(3)	17
Group interest payable and similar charges	639	-
	<u>656</u>	<u>52</u>
	<u>642</u>	<u>(17)</u>

Notes to the financial statements

For the year ended 31 March 2004

5 Directors' remuneration

Directors' remuneration was paid in respect of directors of the Company as follows:

	Year ended 31 March 2004 £'000	14 month period ended 31 March 2003 £'000
Emoluments	371	951
Company contributions to defined contribution pension scheme	9	66
	<u>380</u>	<u>1,017</u>

One of the Company's directors was a member of a defined contribution pension scheme during the year (2003 – 5).

The aggregate remuneration attributable to the highest paid director was £175,084 (2003 - £305,066).

R S Kirk, K R Bryant and N Burns are paid by the ultimate parent undertaking, The Peacock Group plc and it is not practicable to allocate their remuneration between their services to group companies. Information about their remuneration may be found in the financial statements of The Peacock Group plc.

6 Profit on ordinary activities before taxation

	Year ended 31 March 2004 £'000	14 month period ended 31 March 2003 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
- owned	5,530	5,757
- finance leased	133	292
Loss / (profit) on disposal of fixed assets	408	(146)
Land and building lease rentals	22,574	23,276
Plant & machinery operating lease rentals	280	185
Rents receivable from property	<u>(385)</u>	<u>(504)</u>

The company has benefited from reverse premiums and rent free periods on some of its retail properties. The impact on profit for the year was £787,000 (2003 - £1,067,000).

Auditors' remuneration for audit services and amounts payable to the company's auditors in respect of non-audit services in 2004 was borne by the ultimate parent company, The Peacock Group plc.

Notes to the financial statements

For the year ended 31 March 2004

7 Tax on profit on ordinary activities

	Year ended 31 March 2004 £'000	14 month period ended 31 March 2003 £'000
Current tax		
UK corporation tax	3,375	2,191
Adjustments in respect of prior years	665	-
Total current tax	<u>4,040</u>	<u>2,191</u>
Deferred tax		
Origination and reversal of timing differences	(468)	341
Decrease in estimate of recoverable deferred tax asset	19	-
Total deferred tax (note 14)	<u>(449)</u>	<u>341</u>
Total tax on profit on ordinary activities	<u>3,591</u>	<u>2,532</u>

The difference between the current tax shown above and the amount calculated by applying the standard rate of UK corporation tax on the profit before tax is as follows:

	Year ended 31 March 2004 £'000	14 month period ended 31 March 2003 £'000
Profit on ordinary activities before tax	<u>15,099</u>	<u>10,884</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2003: 30%)	4,530	3,265
Effects of:		
Expenses not deductible for tax purposes	37	31
Capital allowances in excess of depreciation	(289)	(265)
Other short term differences	(85)	(253)
Group relief claimed free of charge	(818)	(587)
Adjustments to tax charge in respect of previous years	665	-
Current tax charge for the year	<u>4,040</u>	<u>2,191</u>
Effective current tax rate for the year	<u>26.8%</u>	<u>20.1%</u>

Notes to the financial statements

For the year ended 31 March 2004

8 Tangible fixed assets

	Freehold land and buildings £'000	Long term Leasehold property £'000	Short term Leasehold property £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation						
At 1 April 2003	1,952	4,034	331	49,823	2,670	58,810
Additions	-	1,052	-	10,039	2	11,093
Disposals	(1,950)	-	(90)	(3,034)	(314)	(5,388)
At 31 March 2004	<u>2</u>	<u>5,086</u>	<u>241</u>	<u>56,828</u>	<u>2,358</u>	<u>64,515</u>
Depreciation						
At 1 April 2003	483	-	243	28,216	1,842	30,784
Charge for year	11	186	18	5,170	278	5,663
Disposals	(492)	-	(76)	(2,493)	(232)	(3,293)
At 31 March 2004	<u>2</u>	<u>186</u>	<u>185</u>	<u>30,893</u>	<u>1,888</u>	<u>33,154</u>
Net book value						
At 31 March 2004	<u>-</u>	<u>4,900</u>	<u>56</u>	<u>25,935</u>	<u>470</u>	<u>31,361</u>
At 31 March 2003	<u>1,469</u>	<u>4,034</u>	<u>88</u>	<u>21,607</u>	<u>828</u>	<u>28,026</u>

Included within fixtures and fittings are assets held under finance leases with a net book value of £196,000 (2003: £329,000).

If the freehold land and buildings had not been revalued, they would have been stated in the books at the following amounts:

	2004 £'000	2003 £'000
Cost	-	1,395
Depreciation	-	(350)
Historical cost net book value	<u>-</u>	<u>1,045</u>

In accordance with Financial Reporting Standard 15, assets which were revalued in prior years have not been revalued during the year. The carrying value relating to the previous valuation in 1990 was carried forward in this year's accounts prior to the disposal of the properties during the year.

Notes to the financial statements

For the year ended 31 March 2004

9 Investments

	2004 £'000
Cost	
At beginning and end of year	<u>78</u>
Provisions	
At beginning and end of year	<u>51</u>
Net book value	
At 31 March 2004	<u>27</u>
At 31 March 2003	<u>27</u>

The fixed asset investments represent investments in the following wholly owned subsidiary undertakings, all of which are non-trading, and which are registered in England and Wales:

Inhoco 336 Limited
Dresswell Limited
Amatexa Limited
Joseph Carr Limited
Edwin Mason Limited
James Hartley Limited
Hilton Fashions Limited

Notes to the financial statements

For the year ended 31 March 2004

10 Stocks

	2004 £'000	2003 £'000
Work in progress	2,717	1,932
Finished goods held for resale	22,483	19,489
	<u>25,200</u>	<u>21,421</u>

11 Debtors

	2004 £'000	2003 £'000
Trade debtors	810	253
Amounts owed by group undertakings	13,196	2,129
Other debtors	14	393
Corporation tax	-	446
Prepayments and accrued income	8,788	6,048
	<u>22,808</u>	<u>9,269</u>

12 Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Obligations under finance leases	5	79
Trade creditors	18,112	13,863
Amount owed to group undertakings	18,151	18,185
Corporation tax	3,755	-
Other taxes and social security	2,162	1,090
Other creditors	660	499
Accruals and deferred income	7,090	7,792
	<u>49,935</u>	<u>41,508</u>

Obligations under finance leases are secured on the related assets.

13 Creditors: amounts falling due after more than one year

	2004 £'000	2003 £'000
Obligations under finance leases	-	5
Accruals and deferred income	2,350	1,383
	<u>2,350</u>	<u>1,388</u>

Notes to the financial statements

For the year ended 31 March 2004

13 Creditors: amounts falling due after more than one year (continued)

The maturity of obligations under finance leases is as follows:

Finance leases

	2004 £'000	2003 £'000
Future minimum payments under finance leases are as follows:		
In more than one year but not more than two years	-	5
	-	5
Amounts due in less than one year	5	79
Total obligations under finance leases	5	84

14 Provisions for liabilities and charges

	Deferred tax £'000	Property related provisions £'000	Total £'000
At 1 April 2003	977	368	1,345
Charged / (credited) to profit and loss account	(450)	17	(433)
At 31 March 2004	527	385	912

Property related provisions

These provisions relate to expected dilapidation costs on property leases and are released as and when dilapidation payments become due.

Deferred Taxation

	2004 £'000	2003 £'000
Accelerated capital allowances	622	1,090
Short term timing differences	(95)	(113)
	527	977

Notes to the financial statements

For the year ended 31 March 2004

15 Called-up share capital

	2004 £'000	2003 £'000
<i>Authorised</i>		
Equity: 203,000 ordinary shares of US\$0.01 each	1	1
Non equity: 213,000 deferred shares of £1 each	213	213
	<u>214</u>	<u>214</u>
<i>Allotted, called-up and fully paid</i>		
Equity: 203,000 ordinary shares of US\$0.01 each	1	1
Non equity: 203,000 deferred shares of £1 each	203	203
	<u>204</u>	<u>204</u>

The deferred shares do not carry any voting rights. On a winding up they would rank after the ordinary shares and would be entitled to a repayment of capital. The holders of the deferred shares are not entitled to receive any dividends from these shares.

16 Reserves

	Revaluation reserve £'000	Profit and loss account £'000
1 April 2003	424	16,099
Retained profit for the year	-	11,508
Transfer of realised revaluation reserve	(424)	424
31 March 2004	<u>-</u>	<u>28,031</u>

17 Analysis of equity and non-equity shareholders' funds

	2004 £'000	2003 £'000
Deferred £1 shareholders' funds, being non-equity shareholders' funds	203	203
Equity shareholders' funds	28,032	16,524
	<u>28,235</u>	<u>16,727</u>

Notes to the financial statements

For the year ended 31 March 2004

18 Reconciliation of movements in shareholders' funds

	2004 £'000	2003 £'000
Retained profit for the year, being net addition to shareholders' funds	11,508	8,352
Opening shareholders' funds	16,727	8,375
Closing shareholders' funds	28,235	16,727

19 Financial commitments

Annual commitments under non-cancellable operating leases were as follows:

	2004 Land and buildings £'000	2004 Other £'000	2003 Land and buildings £'000	2003 Other £'000
Expiry date				
- within one year	403	7	152	44
- between two and five years	2,598	15	2,117	124
- after five years	20,620	-	17,559	-
	23,621	22	19,828	168

The company had no outstanding commitments under forward exchange contracts. Such commitments are held by the ultimate parent company, The Peacock Group plc.

20 Pension scheme

The company contributes to employees' individual pension arrangements through a group personal pension plan. The pension cost charge for the year represents contributions payable by the company to the schemes and amounted to £417,000 (2003: £491,000).

21 Contingent liabilities

As a subsidiary of The Peacock Group plc, the company is part of a group that has given guarantees for the bank facilities provided to all group undertakings by their principal bankers. The joint liabilities under these guarantees at 31 March 2004 amounted to £62,670,000 (2003 - £67,180,000).

22 Related party transactions

The company has taken advantage of the exemptions under FRS 8, which allows it not to disclose transactions with group companies since the consolidated financial statements of the ultimate holding company are publicly available.

Notes to the financial statements

For the year ended 31 March 2004

23 Ultimate parent undertaking and controlling party

The immediate parent company is Bon Marché Holdings Limited. The ultimate company and controlling party is The Peacock Group plc. Both companies are incorporated in Great Britain and registered in England and Wales.

The largest and smallest group in which the results of the company are consolidated is The Peacock Group plc.
Copies of which can be obtained from Atlantic House, Tyndall Street, Cardiff, CF10 4PS.