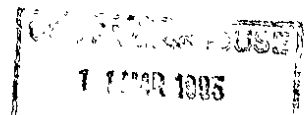


**Peacock's Stores Limited
and Subsidiary Undertakings**

Directors' report and financial statements

31 December 1991

Registered number 290792



Peacock's Stores Limited and Subsidiary Undertakings

Directors

Mr R F Peacock - Chairman and Joint Managing Director
Mr H Child FCA - Deputy Chairman and Joint Managing Director
Mr P J Blackburn
Mr K L Fisk
Mr J L Sheppard FCA
Mr A J Woodhouse

Secretary

Mr J L Sheppard FCA

Registered Office

Sanatorium Road
Cardiff
CF1 8DG

Bankers

National Westminster Bank PLC
Charterhouse Bank Limited
City Merchants Bank Limited
Barclays Bank PLC

Auditors

KPMG Peat Marwick
Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff
CF2 1TE

Solicitors

Rees Wood & Terry
Wyndham House
9 St Andrews Crescent
Cardiff
CF1 3DB

Peacock's Stores Limited and Subsidiary Undertakings

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1-3
Auditors' report	4
Consolidated profit and loss account	5
Balance sheets	6
Consolidated cash flow statement	7
Notes	8-26

Peacock's Stores Limited

Directors' report

The directors present their annual report and the consolidated audited financial statements of the company and its subsidiaries for the year ended 31 December 1991.

Principal activity

The principal activity of the group is that of proprietors of retail stores, selling a range of clothing for the family and household textiles.

Business review

With the continuing depressed economic climate, conditions in the high street were unfavourable for retailers in 1991. Competition became very fierce as more discounters appeared on the high street, coupled with the larger multiples trading down and lowering their gross profit margins.

Milletts of St Albans Limited was acquired on 26 July 1991 and comprised a chain of retail stores selling outdoor clothing and camping equipment. The company was previously operated from Luton but the distribution and administration operation has now been centralised at Peacock's Stores Head Office in Cardiff.

The directors are pleased to report the group profit shown in the financial statements, although the figure represents a reduction on the 1990 results. The loss incurred in Milletts of St Albans Limited contributed significantly to this reduction in profit and mainly arose because the company's stock holding was excessive and contained an element of redundant stock which had to be disposed of at reduced prices which affected the gross profit margins.

Significant changes have been made to Milletts infra-structure which will continue to be implemented in 1992. These should improve the company's performance and the directors are confident that the company will return to profitability in due course.

The directors are not anticipating any improvement in profitability in 1992, as business confidence continues to be depressed.

The results for the year are shown in the profit and loss account.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend (1990: £200,000, a total of £1.73 per ordinary share).

Peacock's Stores Limited

Directors' report (continued)

Directors and directors' interests

The directors who held office at the end of the financial year had the following interests in the ordinary shares of the company at the beginning and end of the year as recorded in the register of directors' share and debenture interest:

	Ordinary shares of 99p each	Deferred shares of 1p each
Mr R F Peacock (Chairman)	75,580	75,580
Mr H Child	25,000	40,000
Mr P J Blackburn	-	-
Mr K L Fisk	-	-
Mr J L Sheppard	-	-
Mr A J Woodhouse	-	-

On 6 January 1989 Mr K L Fisk was granted options in respect of 2,000 ordinary shares of 99p each and Messrs P J Blackburn, J L Sheppard and A J Woodhouse were each granted options in respect of 1,500 ordinary shares of 99p each. The options are exercisable between three and ten years from the date of their being granted at £9.25 per share.

Mr K L Fisk resigned as a director on 31 July 1992.

Significant changes in fixed assets

All freehold properties were revalued to amounts which, in the opinion of the directors, reflect their open market value as at 31 December 1991 and the effect of this revaluation is reflected in note 10 to the financial statements. The revalued amounts are based on independent open market valuations carried out by E J Hales, Chartered Surveyors, during March 1992.

Market value of land and buildings

In the opinion of the directors, the market value as at 31 December 1991 of long and short leasehold properties is at least equal to their book values.

Employees

Full and fair consideration is given to the employment of disabled persons or persons who become disabled while in the company's employment and to their training, career developments and promotion. Account is taken of their disability only insofar as it affects their ability to perform a job or has health and safety implications.

The company recognises the benefit of keeping employees informed of the progress of the business and of involving them in the company's performance.

Peacock's Stores Limited

Directors' report *(continued)*

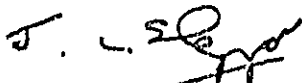
Tax status

In the opinion of the directors the company is a close company as defined for the purposes of the Income and Corporation Taxes Act 1988.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick as auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

By order of the board



J L Sheppard
Secretary

Sanatorium Road
Cardiff
CF1 8DG

9 March 1993

Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff CF2 1TE

Report of the auditors to the members of Peacock's Stores Limited

We have audited the financial statements on pages 5 to 26 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 1991 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

9 March 1993

*Chartered Accountants,
Registered Auditors*

Peacock's Stores Limited and Subsidiary Undertakings

Consolidated profit and loss account for the year ended 31 December 1991

	Note	1991 £	1990 as restated (see note 20) £
Turnover	2	47,163,998	41,294,373
Cost of sales	3	(38,757,452)	(32,219,012)
Gross profit		<u>8,406,546</u>	<u>9,075,861</u>
Administrative expenses		(5,672,872)	(5,265,781)
Operating profit		<u>2,733,674</u>	<u>3,810,080</u>
Other operating income		114,505	79,913
Income from investments		4,888	5,165
Interest receivable and similar income		68,584	154,636
Interest payable and similar charges	7	(979,921)	(817,071)
Profit on ordinary activities before taxation	4-6	<u>1,941,730</u>	<u>3,232,723</u>
Tax on profit on ordinary activities	8	(98,217)	(1,149,791)
Profit on ordinary activities after taxation	9	<u>1,843,513</u>	<u>2,082,932</u>
Dividends proposed		-	(200,000)
Retained profit for the financial year	20	<u>1,843,513</u>	<u>1,882,932</u>

Statements of movements on reserves, including details of prior year adjustments, are given in Notes 19 and 20 to these financial statements.

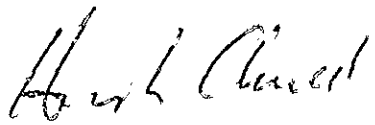
Peacock's Stores Limited and Subsidiary Undertakings

Balance sheets

at 31 December 1991

	Note	The Group		The Company	
		1991	1990 as restated (see note 20)	1991	1990 as restated (see note 20)
Fixed assets		£	£	£	£
Tangible assets	10	17,483,220	10,457,107	13,751,808	9,472,186
Investment in subsidiary undertakings	11	-	-	2,579,200	1,079,200
Other investments	11	283,385	266,223	98,670	91,509
		<u>17,766,605</u>	<u>10,723,330</u>	<u>16,429,678</u>	<u>10,642,895</u>
Current assets					
Stocks	12	10,710,442	5,883,654	8,578,556	6,378,882
Debtors	13	2,239,856	1,421,931	5,094,879	1,378,761
Cash at bank and in hand		365,898	1,736,742	253,779	610,941
		<u>13,316,196</u>	<u>9,042,327</u>	<u>13,927,214</u>	<u>8,368,584</u>
Creditors: amounts falling due within one year	14	(10,246,026)	(7,516,622)	(12,054,351)	(8,740,170)
Net current assets/(liabilities)		<u>3,070,170</u>	<u>1,525,705</u>	<u>1,872,863</u>	<u>(371,586)</u>
Total assets less current liabilities		<u>20,836,775</u>	<u>12,249,035</u>	<u>18,302,541</u>	<u>10,271,309</u>
Creditors: amounts falling due after more than one year	15	(5,417,079)	(2,750,000)	(5,417,079)	(2,750,000)
Provisions for liabilities and charges	16	(318,000)	(1,130,000)	(250,000)	(1,130,000)
Net assets		<u>15,101,696</u>	<u>8,369,035</u>	<u>12,635,462</u>	<u>6,391,309</u>
Capital and reserves					
Called up share capital	18	122,023	122,023	122,023	122,023
Share premium account		106,796	106,796	106,796	106,796
Revaluation reserve	19	4,474,858	-	2,947,104	-
Capital redemption reserve		980,385	980,385	980,585	980,585
Capital reserve	19	363,382	-	-	-
Profit and loss account	20	9,054,252	7,159,831	8,478,954	5,181,905
Shareholders' funds		<u>15,101,696</u>	<u>8,369,035</u>	<u>12,635,462</u>	<u>6,391,309</u>

These financial statements were approved by the board of directors on 9 March 1993 and were signed on its behalf by:


H Child
Director

Peacock's Stores Limited and Subsidiary Undertakings

Consolidated cash flow statement for the year ended 31 December 1991

	Note	1991 £	£	1990 £	£
Net cash inflow from operating activities	24	2,868,493		7,207,402	
Return on investments and servicing of finance					
Interest received		68,584		154,636	
Interest paid		(967,062)		(309,125)	
Interest element of finance lease rental payments		(12,859)		(9,746)	
Dividends received		4,888		5,165	
Dividends paid		(8,652)		(180,000)	
Net cash (outflow) from returns on investment and servicing of finance			(915,101)		(839,070)
Taxation					
UK corporation tax paid		1,473,917		2,399,162	
Overseas tax paid		4,796		10,319	
Tax paid			(1,478,713)		(2,409,481)
Investing activities					
Purchase of tangible fixed assets		(3,068,004)		(2,706,990)	
Purchase of other investments		(10,175)		(24,397)	
Purchase of subsidiary undertakings (including cash and cash equivalents acquired)	27	(2,005,546)		-	
Sale of tangible fixed assets		94,702		43,500	
Sale of other investments		300		-	
Net cash (outflow) from investing activities			(4,988,723)		(2,687,887)
Net cash (outflow)/inflow before financing			(4,514,044)		1,270,964
Financing					
Repayment of amounts borrowed			650,000		419,000
Repayment of acquired subsidiary loan			356,040		-
New loans			(4,000,000)		-
	25		(2,993,960)		419,000
Capital element of finance lease rental payments	25		83,989		86,449
Net cash (outflow)/inflow from financing			(2,909,971)		505,449
(Decrease)/increase in cash and cash equivalents	26		(1,604,073)		765,515
			(4,514,044)		1,270,964

Peacock's Stores Limited and Subsidiary Undertakings

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently, except where otherwise stated, in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain freehold properties. All of the companies in the group make up their financial statements for the 52 or 53 weeks to the Friday prior to 31 December. In all published information the accounting period will be referred to as the year ended 31 December.

Basis of consolidation

The consolidated financial statements deal with the results and state of affairs of the company and all of its subsidiary undertakings.

The profits or losses of subsidiary undertakings acquired or disposed of in the year are included from or until the effective dates of acquisition or disposal.

The premium or discount between the cost of acquiring shares in subsidiary undertakings and the value attributed to their net assets at the date of acquisition is dealt with as a movement through reserves.

A separate profit and loss account dealing with the results of the company only has not been presented as permitted under Section 230 of the Companies Act 1985.

Tangible fixed assets and depreciation

From 1 January 1991 depreciation has not been provided on freehold property as it is the group's policy to maintain those assets in a continual state of sound repair and to extend and make improvements thereto from time to time. Accordingly the directors consider that the lives of these assets are so long and residual values based on prices prevailing at the date of acquisition or subsequent valuation are so high that their depreciation is insignificant. Any permanent diminution in value of such properties is charged to profit and loss account as appropriate.

Depreciation is provided to write off the cost of other tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Motor vehicles	-	4 years
Fixtures and fittings	-	8 years
Computer installation	-	4 years
Short term leasehold property	-	10 years or the life of the lease if shorter
Long term leasehold property	-	Up to a maximum of 50 years

In all cases a full year's charge is made in the year of acquisition and no charge is recognised in the year of disposal.

Peacock's Stores Limited and Subsidiary Undertakings

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets and depreciation (continued)

During the year the directors have reassessed the periods over which the group's fixed assets are depreciated, to more accurately reflect their useful economic lives. This has had the effect of reducing the depreciation charge for the year by £775,262.

Foreign currencies

Overseas assets and liabilities included in the consolidated balance sheet are translated into sterling at the exchange rates ruling on the balance sheet date and overseas profits for the financial year are translated at the average rate of exchange applicable for the financial year. The resultant currency adjustment is dealt with as a movement in retained profit.

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 finance 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.

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.

Pension costs

The group operates both a money purchase scheme and two defined benefit schemes for its various employees. These schemes are administered by trustees and their funds are held independently of the group's finances. Contributions to the defined benefit schemes are made in accordance with the advice of independent actuaries and are charged to the profit and loss account so as to produce an approximately constant periodic rate of charge over the estimated remaining service lives of the employees in the schemes.

Stocks

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

Deferred income - capital receipts from landlords

Capital receipts from landlords given as inducements to take on leasehold premises are taken to a deferred income account and credited to profit and loss account on a straight line basis over three years, being the directors' best estimate of the time required to bring new stores fully on line.

Taxation

Taxation liabilities are computed at the rates applicable to the financial year and that indicated for future periods by current legislation. Deferred tax is included to the extent that it is probable that an actual liability or asset will crystallise in the foreseeable future.

Peacock's Stores Limited and Subsidiary Undertakings

Notes (continued)

2 Analysis of turnover

	1991 £	1990 £
<i>By geographical market</i>		
United Kingdom	47,144,007	41,104,941
Rest of Europe	19,991	189,932
	<u>47,163,998</u>	<u>41,294,873</u>

Turnover comprises retail sales excluding value added tax and in 1991 includes £4,386,349 in respect of Millets of St Albans Limited and its subsidiaries (1990: £Nil).

3 Cost of sales

Cost of sales includes the purchase of goods for resale and the costs of operating retail outlets.

4 Profit on ordinary activities before taxation

	1991 £	1990 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging/(crediting)</i>		
Auditors' remuneration and expenses	29,190	27,349
Depreciation of tangible fixed assets		
- owned	1,607,416	2,022,322
- leased	20,017	-
Depreciation of investment property	4,491	4,439
Land and building rentals	4,457,128	3,219,825
Other operating lease rentals	304,681	191,563
Freehold property maintenance costs	151,233	80,094
Directors' remuneration:-		
Salaries and other emoluments (including pension contributions)	595,688	516,785
Pension to widow of former director	5,500	5,500
Rents receivable from property	(78,316)	(76,401)
Release of pension provision (note 16)	(330,000)	-
Loss on foreign currency transactions	43,094	358,792
	<u></u>	<u></u>

The profit on ordinary activities before taxation is stated after accounting for the losses incurred by Millets of St Albans Limited and its subsidiaries, subsequent to it being acquired by the company on 26 July 1991. Further details are given in note 28 to these financial statements.

Peacock's Stores Limited and Subsidiary Undertakings

Notes (continued)

5 Remuneration of directors

The emoluments, excluding pension contributions, of the chairman and highest paid director were £170,480 (1990: £148,765).

The emoluments, excluding pension contributions, of the directors (including that of the chairman and highest paid director) were within the following ranges:

		Number of directors	
		1991	1990
£ 55,001	- £ 60,000	1	4
£ 60,001	- £ 65,000	3	-
£140,001	- £145,000	-	1
£145,001	- £150,000	-	1
£150,001	- £155,000	1	-
£170,001	- £175,000	1	-
		<hr/>	<hr/>

6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

		Number of employees	
		1991	1990
Management		8	8
Administration		291	220
Other		1,669	1,510
		<hr/>	<hr/>
		1,968	1,738
		<hr/>	<hr/>

The aggregate payroll costs of these persons including part time employees were as follows:

		1991	1990
		£	£
Wages and salaries		8,351,881	6,607,600
Social security costs		618,204	497,679
Other pension costs (see note 23)		215,505	99,862
		<hr/>	<hr/>
		9,185,590	7,205,141
		<hr/>	<hr/>

Peacock's Stores Limited and Subsidiary Undertakings

Notes (continued)

7 Interest payable

	1991 £	1990 £
On bank loans, overdrafts and other loans wholly repayable within five years	902,851	802,166
Bills payable	48,979	5,159
Finance charges payable in respect of finance leases	12,359	9,746
Other interest	15,232	-
	<u>979,921</u>	<u>817,071</u>

8 Taxation

	1991 £	1990 £
UK corporation tax at 33.25% (1990: 34.25%) based on the profit for the year on ordinary activities	389,581	1,309,932
Tax attributable to franked investment income	1,223	1,291
Oversens taxation	4,032	7,422
Deferred tax	(98,561)	3,844
Adjustment to prior years	(198,058)	(172,698)
	<u>98,217</u>	<u>1,149,791</u>

The rate of tax charge is below the standard rate of corporation tax as a result of the release or utilisation of provisions amounting to £880,000 (see note 16) for which no allowance for tax purposes was received on creation. It was not the practice when the provisions were created for a deferred credit in respect of taxation to be separately recognised in the financial statements.

9 Profit for the financial year

The profit dealt with in the financial statements of the company was £3,297,049 including £2,043,000 dividends receivable from subsidiary undertakings (1990: £1,459,819 - as restated).

Peacock's Stores Limited and Subsidiary Undertakings

Notes (continued)

10 Tangible fixed assets

The Group	Freehold property	Long term leasehold property	Short term leasehold property	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£	£
<i>Cost or valuation</i>						
At 1 January 1991						
- at cost	5,206,921	1,043,108	3,185,953	8,940,588	191,970	18,568,540
Subsidiaries acquired	747,569	-	441,443	719,939	-	1,908,951
Additions	461,632	138,862	247,046	2,212,430	87,112	3,147,082
Disposals	(5,053)	-	(166,321)	(139,994)	-	(311,368)
Revaluation	3,660,849	-	-	-	-	3,660,849
At 31 December 1991						
- at cost or valuation	10,071,918	1,181,970	3,708,121	11,732,963	279,082	26,974,054
<i>Analysis</i>						
Assets at cost	747,569	1,181,970	3,708,121	11,732,963	279,082	17,649,705
Assets at valuation	9,324,349	-	-	-	-	9,324,349
	10,071,918	1,181,970	3,708,121	11,732,963	279,082	26,974,054
<i>Depreciation</i>						
At 1 January 1991	814,009	233,568	1,520,906	5,454,707	88,243	8,111,433
Subsidiaries acquired	-	-	215,279	597,483	-	812,762
Charge for year	-	51,332	288,414	1,217,916	69,771	1,627,433
On disposals	-	-	(118,890)	(127,895)	-	(246,785)
Revaluation	(814,009)	-	-	-	-	(814,009)
At 31 December 1991	-	284,900	1,905,700	7,142,211	158,014	9,490,834
<i>Net book value</i>						
At 31 December 1991	10,071,918	897,070	1,802,412	4,590,752	121,068	17,483,220
At 31 December 1990	4,392,912	809,540	1,665,047	3,485,881	103,727	10,457,107

The net book value of freehold property under the historical cost accounting rules at 31 December 1991 was £6,411,069 (1990: £4,392,912).

Freehold properties held by Peacock's Stores Limited and its subsidiary undertaking, Dorsman Estates Limited, were revalued to amounts which, in the opinion of the directors, reflect their open market value as at 31 December 1991. The revalued amounts are based on independent valuations carried out by E J Hales, Chartered Surveyors, during March 1992.

Included within motor vehicles are assets held under finance leases with a net book value of £59,061 (1990: £Nil).

Peacock's Stores Limited and Subsidiary Undertakings

Notes (continued)

10 Tangible fixed assets (continued)

The Company	Freehold property	Long term leasehold property	Short term leasehold property	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£	£
<i>Cost or valuation</i>						
At 1 January 1991						
- at cost	4,376,834	723,202	3,185,953	8,916,092	191,970	17,394,051
Additions	461,632	138,862	224,073	2,009,762	87,112	2,921,441
Disposals	-	-	-	(131,219)	-	(131,219)
Revaluation	2,248,883	-	-	-	-	2,248,883
At 31 December 1991						
- at cost or valuation	7,087,349	862,064	3,410,026	10,794,635	279,082	22,433,156
<i>Analysis</i>						
Assets at cost	-	862,064	3,410,026	10,794,635	279,082	15,345,807
Assets at valuation	7,087,349	-	-	-	-	7,087,349
	7,087,349	862,064	3,410,026	10,794,635	279,082	22,433,156
<i>Depreciation and diminution in value</i>						
At 1 January 1991	698,221	169,586	1,520,906	5,444,909	88,243	7,921,865
Charge for year	-	46,007	274,014	1,105,807	69,771	1,535,599
On disposals	-	-	-	(127,895)	-	(127,895)
Revaluation	(698,221)	-	-	-	-	(698,221)
At 31 December 1991	-	215,593	1,794,920	6,512,821	158,014	8,681,348
<i>Net book value</i>						
At 31 December 1991	7,087,349	646,471	1,615,106	4,281,814	121,068	13,751,808
At 31 December 1990	3,678,613	553,616	1,665,047	3,471,183	103,727	9,472,186

The net book value of freehold property under the historical cost accounting rules at 31 December 1991 was £4,838,466 (1990: £3,678,613).

Freehold properties were revalued to amounts which, in the opinion of the directors, reflect their open market value as at 31 December 1991. The revalued amounts are based on independent valuations carried out by E J Hales, Chartered Surveyors, during March 1992.

Included within motor vehicles are assets held under finance leases with a net book value of £59,061 (1990: £Nil).

Peacock's Stores Limited and Subsidiary Undertakings

Notes (continued)

10 Tangible fixed assets (continued)

The value of freehold property (1990: freehold land only) which is not depreciated is:-

	1991 £	1990 £
Group	<u>10,071,918</u>	<u>520,692</u>
Company	<u>7,087,349</u>	<u>437,683</u>

11 Investments

a) In subsidiary undertakings:

	1991 £	1990 £
Shares at cost	<u>2,579,200</u>	<u>1,079,200</u>

The movement in the cost of investments in subsidiary undertakings of £1,500,000 in 1991 comprised the cost of acquiring Millets of St Albans Limited on 26 July 1991, further details of which are set out in note 28.

At 31 December 1991, the company had the following trading subsidiaries, all wholly owned and incorporated in Great Britain and registered in England and Wales, with the exception of John Jones (Overseas) Limited, which is incorporated in Hong Kong.

Subsidiary	Activity
John Jones (Ago Wear) Limited	Importing agent
* John Jones (Overseas) Limited	Buying agent
Dorsman Estates Company Limited	Property management
Milletts (Camping and Countrywear) Limited (formerly Millets of St Albans Limited)	Retailing
* M J B Properties (Redbourn) Limited	Property management
* Millets of St Albans (Management) Limited	Management company

* indirectly owned

Peacock's Stores Limited and Subsidiary Undertakings

Notes (continued)

11 Investments (continued)

b) Other investments

	The Group		The Company	
	1991	1990	1991	1990
	£	£	£	£
Property				
Cost	258,539	258,539	-	-
Net book value				
At beginning of year	174,714	215,505	-	-
Depreciation on fixtures	(4,491)	(4,439)	-	-
Currency adjustment	14,492	(36,352)	-	-
At end of year	184,715	174,714	-	-
Shares in listed companies - at cost				
At beginning of year	91,509	67,112	91,509	67,112
Additions	4,175	24,397	4,175	24,397
Disposals	(3,014)	-	(3,014)	-
At end of year	92,670	91,509	92,670	91,509
Other investments at cost	6,000	-	6,000	-
	283,385	266,223	98,670	91,509

The market value of the listed shares was £71,180 at 31 December 1991 (1990: £86,141).

In the opinion of the directors there had been no permanent diminution in value of the listed investments at 31 December 1991. In the opinion of the directors, the market value of the investment property at 31 December 1991 and 1990 was equivalent to its carrying value at those dates.

12 Stocks

Comprising goods held for resale for both group and company.

Peacock's Stores Limited and Subsidiary Undertakings

Notes (continued)

13 Debtors

	The Group		The Company	
	1991	1990	1991	1990
	£	£	£	£
Trade debtors	19,605	17,230	4,668	17,230
Amounts owed by subsidiary undertakings	-	-	3,844,591	142,478
Other debtors	224,077	440,720	171,831	420,260
Advance corporation tax recoverable	529,205	66,667	64,961	66,667
Deferred taxation (note 17)	210,459	163,426	-	-
Prepayments and accrued income	1,256,510	733,888	1,008,828	732,126
	<u>2,239,856</u>	<u>1,421,931</u>	<u>5,094,879</u>	<u>1,378,761</u>

Amounts owed by subsidiary undertakings include two unsecured loans totalling £2,000,000 which are non-interest bearing and are repayable after more than one year.

14 Creditors: amounts falling due within one year

	The Group		The Company	
	1991	1990	1991	1990
	£	£	£	£
Bank loans (see below)	1,400,000	600,000	1,400,000	600,000
Bank overdrafts (see below)	233,229	-	-	-
Obligations under finance leases	24,111	71,101	24,111	71,101
Trade creditors	2,689,990	1,933,189	1,498,121	1,117,739
Amounts owed to subsidiary undertakings	-	-	5,100,244	2,916,975
Other creditors including taxation and social security:				
Corporation tax	1,145,563	2,664,943	1,002,931	1,983,816
Advance corporation tax payable	731,627	66,667	64,961	66,667
Overseas tax	1,331	2,095	-	-
Other taxes and social security	1,200,491	766,910	941,983	766,910
Other creditors	483,016	994	76,351	994
Accruals and deferred income	2,145,320	1,210,723	1,754,301	1,015,968
Dividend	191,348	200,000	191,348	200,000
	<u>10,246,026</u>	<u>7,516,622</u>	<u>12,054,351</u>	<u>3,740,170</u>

The company has agreed with its principal bankers to provide security for up to twenty-five percent of the total facilities provided to the group which, at 31 December 1991, amounted to £3,800,000. The security takes the form of a fixed charge over certain freehold properties.

Peacock's Stores Limited and Subsidiary Undertakings

Notes (continued)

15 Creditors: amounts falling due after more than one year

	The Group and Company	
	1991	1990
	£	£
Bank loans (see note 14 for security)	5,300,000	2,750,000
Obligations under finance leases	42,079	-
Corporation tax payable 1 October 1993	75,000	-
	<u>5,417,079</u>	<u>2,750,000</u>

All of the loans and finance lease obligations are repayable within five years.

16 Provisions

These comprise:

	The Group		The Company	
	1991	1990	1991	1990
	£	£	£	£
Branch refurbishment costs	168,000	450,000	100,000	450,000
Advertising/promotion costs	-	200,000	-	200,000
Pension contributions	150,000	480,000	150,000	480,000
	<u>318,000</u>	<u>1,130,000</u>	<u>250,000</u>	<u>1,130,000</u>

The movements during the year were as follows:

	The Group	The Company
	£	£
At 1 January 1991	1,130,000	1,130,000
Arising on acquisition of subsidiary	68,000	-
Utilised during the year	(550,000)	(550,000)
Transfer to profit and loss account	(330,000)	(330,000)
	<u>318,000</u>	<u>250,000</u>
At 31 December 1991	<u>318,000</u>	<u>250,000</u>

Peacock's Stores Limited and Subsidiary Undertakings

Notes (continued)

12 Deferred taxation

The deferred tax asset comprises tax relief at 33% on profits in stock in individual group companies eliminated in the group financial statements. The movement in the deferred tax asset during the year was as follows:

	£
At 1 January 1991	163,426
Arising on acquisition of subsidiary	(51,528)
Transfer to profit and loss account (note 8)	98,561
	<hr/>
At 31 December 1991	210,459
	<hr/>

No other provision for deferred taxation is considered necessary, the potential asset not recognised at 33% (1990: 34%) being as follows:

	1991 The Group £	1991 The Company £	1990 The Group and Company £
Difference between accumulated depreciation and amortisation and capital allowances	62,987	5,182	(11,715)
Other timing differences	(94,053)	(94,053)	(430,265)
	<hr/>	<hr/>	<hr/>
	(31,066)	(88,871)	(441,980)
	<hr/>	<hr/>	<hr/>

In the opinion of the directors the potential capital gain on the revaluation of land and buildings, estimated at some £450,000 will be rolled over against future additions and therefore no deferred tax liability arises

Peacock's Stores Limited and Subsidiary Undertakings

Notes (continued)

18 Called up share capital

	1991 £	1990 £
<i>Authorised</i>		
2,500,000 ordinary shares of 99p each	2,475,000	2,475,000
2,500,000 deferred shares of 1p each	25,000	25,000
	<u>2,500,000</u>	<u>2,500,000</u>
<i>Allotted, called up and fully paid</i>		
115,580 ordinary shares of 99p each	114,424	114,424
759,924 deferred shares of 1p each	7,599	7,599
	<u>122,023</u>	<u>122,023</u>

At 31 December 1991 there were outstanding options on 6,500 (1990: 6,500) ordinary shares of 99p each, exercisable between three and ten years from their date of being granted, 6 January 1989, at £9.25 per share.

19 Movements on capital and revaluation reserves

	The Group Revaluation reserve £	The Company Revaluation reserve £	The Group Capital reserve £
At 1 January 1991	-	-	-
Arising on revaluation of freehold property (note 10)	4,474,858	2,947,104	-
Arising on acquisition of subsidiary (note 28)	-	-	363,382
At 31 December 1991	<u>4,474,858</u>	<u>2,947,104</u>	<u>363,382</u>

Peacock's Stores Limited and Subsidiary Undertakings

Notes (continued)

20 Profit and loss account

	The Group		The Company	
	1991	1990	1991	1990
	£	£	£	£
At 1 January:				
As previously reported	7,161,121	5,639,989	4,851,393	3,831,576
Prior year adjustment	(1,290)	(249,100)	330,512	90,510
As restated	7,159,831	5,390,889	5,181,905	3,922,086
Retained profit for the financial year	1,843,513	1,882,932	3,297,049	1,259,819
Currency adjustment on consolidation	50,908	(113,990)	-	-
At 31 December	9,054,252	7,159,831	8,478,954	5,181,905

The prior year adjustments represent the correction of errors in stock valuations in prior years, less the estimated additional tax liabilities arising. The comparative figures for 1990 have also been restated to reflect the adjustments arising in that year and for other minor reclassifications in order to ensure consistency.

The cumulative amount of goodwill written off direct to the consolidated profit and loss account is £878,600 (1990: £878,600).

21 Contingent liabilities

The company has given an unlimited guarantee to its bankers in respect of the overdrafts and other facilities of certain subsidiary undertakings which at 31 December 1991 amounted to £233,229. In addition, the company has also given a guarantee of £45,000 to the banker of one of its buying agents.

Certain matters arising in the accounting records of a subsidiary company relating to prior years have been reported to the Inland Revenue. Until these matters are resolved it is not possible to quantify the effect on the financial statements of the group although, in the opinion of the directors, any effect is not likely to be material in the context of the consolidated financial statements of the group.

22 Commitments

- (1) Capital commitments at the end of the financial year for which no provision has been made.

	The Group and Company	
	1991	1990
	£	£
Contracted	1,294,000	405,000
Authorised but not contracted	176,000	1,300,490

Peacock's Stores Limited and Subsidiary Undertakings

Notes (continued)

22 Commitments (continued)

- (ii) At 31 December the company had annual commitments under non-cancellable operating leases as follows:

The Group	1991		1990	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	176,600	42,468	98,254	25,717
In the second to fifth years inclusive	157,049	93,609	92,300	85,401
After more than five years	4,972,384	-	3,438,889	-
	<u>5,306,033</u>	<u>136,077</u>	<u>3,629,443</u>	<u>111,118</u>

The Company	1991		1990	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	126,800	41,878	98,254	25,717
In the second to fifth years inclusive	25,249	57,956	92,300	85,401
After more than five years	4,086,049	-	3,438,889	-
	<u>4,238,098</u>	<u>99,834</u>	<u>3,629,443</u>	<u>111,118</u>

23 Pensions

The group operates a money purchase pension scheme for the benefit of certain current and former directors, contributions to which are charged to the profit and loss account as they fall due. The pension costs charged in the period were £20,000 (1990: £Nil).

The group also operates two pension schemes of the defined benefit type for the remaining directors, senior executives and other staff, with contributions being made in accordance with the recommendation of independent actuaries, the details of which are given as follows:

Peacock's Stores Limited and Subsidiary Undertakings

Notes (continued)

23 Pensions (continued)

Peacock's Stores Limited

The last triennial valuation was completed as at 1 September 1989 using the projected unit method and indicated that the actuarial value of the scheme's assets, £1,940,000, exceeded the discounted value of benefits accrued for at that date by £470,000 (32%). This surplus is being released over the estimated average remaining lives of the employees currently in the pension scheme.

The principal assumptions used in that valuation were:

- (a) Return on investments would exceed the rate of increase in members' salaries by 0.5% per annum compound, after allowing for promotion and merit increases.
- (b) Mortality will be in accordance with modern mortality tables.
- (c) The marital status and age differential profiles will remain constant

No specific allowances were made in the valuation for withdrawals, early retirements or death in service benefits.

The total pension costs charged in the period amounted to £164,766 (1990: £99,862).

Contributions amounting to £6,656 payable to the scheme at 31 December 1991 were included in accruals (1990: £Nil). There were no prepaid amounts in either year.

Milletts (Camping and Countrywear) Limited

The last triennial valuation was completed as at 1 January 1989 using the final salary funding method and indicated that the actuarial value of the scheme's assets, £732,000, exceeded the discounted value of benefits accrued for at that date by £127,000 (21%). This surplus is being released over the estimated average remaining lives of the employees currently in the pension scheme.

The principal assumptions used in that valuation were:

- (a) Return on investments would exceed the rate of increase in members' salaries by 1% per annum compound, after allowing for promotion and merit increases
- (b) At retirement pensions will be provided by purchasing immediate annuities on rates calculated on the basis of 9½% per annum interest.
- (c) Members will retire at their normal retiring date and will be replaced by new members aged 25 with appropriate salaries.
- (d) No deaths or withdrawals will take place before normal retiring date.

The total pension costs charged in the period from 26 July 1991 to 31 December 1991 amounted to £30,739.

Contributions amounting to £3,406 payable to the scheme at 31 December 1991 were included in accruals. There were no prepaid amounts.

Peacock's Stores Limited and Subsidiary Undertakings

Notes (continued)

24 Reconciliation of operating profit to net cash inflow from operating activities

	1991 £	1990 £
Operating profit	2,733,674	3,810,080
Other operating income	114,505	79,913
Depreciation charge	1,631,924	2,026,761
(Profit)/loss on sale of tangible fixed assets	(30,119)	1,778
Loss on sale of listed shares	2,714	-
(Increase)/decrease in stocks	(1,247,096)	569,989
Decrease in debtors	14,527	509,318
Increase in creditors	491,948	287,201
Decrease in provisions	(880,000)	-
Currency adjustment	36,416	(77,638)
Net cash inflow from operating activities	<u>2,868,493</u>	<u>7,207,402</u>

25 Analysis of changes in financing during the year

	Loans £	Finance lease and hire purchase obligations £
At beginning of year	3,350,000	71,101
Arising from acquisition of subsidiary	356,040	-
Cash inflow/(outflow) from financing	2,993,960	(83,989)
Inception of finance lease and hire purchase contracts	-	79,078
At end of year	<u>6,700,000</u>	<u>66,190</u>

26 Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1991 £	1990 £	Change in year £
Cash at bank and in hand	365,898	1,736,742	(1,370,844)
Bank overdrafts	(233,229)	-	(233,229)
	<u>132,669</u>	<u>1,736,742</u>	<u>(1,604,073)</u>

Peacock's Stores Limited and Subsidiary Undertakings

Notes (continued)

- 27 Analysis of the net outflow of cash and cash equivalents in respect of the purchase of subsidiary undertakings

	£
Cash consideration	1,500,000
Bank overdrafts of acquired subsidiary undertakings	505,546
Net outflow of cash and cash equivalents in respect of the purchase of subsidiary undertakings	<u>2,005,546</u>

The subsidiary undertakings acquired during the year contributed £1,167,873 to the Group's net operating cash flows, paid £104,332 in respect of net returns on investments and servicing of finance, paid £16,073 in respect of taxation and utilised £138,439 for investing activities.

- 28 Acquisition of subsidiary undertakings

Peacock's Stores Limited acquired Millets of St Albans Limited and its subsidiaries on 26 July 1991 and has used the acquisition method to account for this acquisition in the group's consolidated financial statements. The book value and fair values of the net assets acquired are detailed below:

	Book value at acquisition £	Adjustments £	Fair value to the group £
Tangible fixed assets	1,236,034	(139,845)	1,096,189
Stock	3,829,692	(250,000)	3,579,692
Debtors	322,881	-	322,881
Bank overdrafts	(505,546)	-	(505,546)
Bank loans	(356,040)	-	(356,040)
Creditors (excluding corporation tax)	(2,042,737)	(72,316)	(2,115,053)
Corporation tax creditor (net)	(39,213)	-	(39,213)
Provisions (including deferred tax)	(119,528)	-	(119,528)
Net assets acquired	<u>2,325,543</u>	<u>(462,161)</u>	<u>1,863,382</u>
Capital reserve created			(363,382)
Cash paid			<u>1,500,000</u>

Peacock's Stores Limited and Subsidiary Undertakings

Notes (continued)

28 Acquisition of subsidiary undertakings (continued)

The adjustments made in arriving at the fair value to the group of the net assets acquired comprise:

	£
Accounting policy adjustment - fixed asset depreciation rates	139,845
Fair value adjustment - stocks	250,000
Reorganisation provision	72,316
	<hr/>
	462,161
	<hr/>

The loss before taxation incurred between the beginning of the acquisition's financial year, 31 March 1991, and the date of acquisition was £709,636 (year to 31 March 1991, profit before taxation of £109,027).

The consolidated profit before taxation of the group for the year to 31 December 1991 includes a loss of £346,502, being the loss incurred by Millette (Camping and Countrywear) Limited and its subsidiaries in the period since the date of its acquisition.