

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

**Directors' report and financial statements**

**31 December 1992**

Registered number 290792



# Peacock's Stores Limited and Subsidiary Undertakings

## Directors

R F Peacock - Chairman and Joint Managing Director  
H Child FCA - Deputy Chairman and Joint Managing Director  
P J Blackburn  
J L Sheppard FCA  
A J Woodhouse  
M S Bullas

## Secretary

J L Sheppard FCA

## Registered Office

Sanatorium Road  
Cardiff  
CF1 8DU

## Bankers

National Westminster Bank PLC  
Charterhouse Bank Limited  
Barclays Bank PLC  
Leopold Joseph and Sons Limited

## 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	8-25

# 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 1992.

## 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

Bearing in mind the continuing depressed state of the UK Economy, the profit figures achieved by the group of £2.4 million are most encouraging and represent a 23.7% increase on the 1991 results.

If it had not been for the significant loss made by Milletts, performance would have been far better. The directors are optimistic that Milletts will contribute to the profitability of the group in the near future. The problems encountered when the company was taken over have now been remedied and refurbishment of a number of Milletts stores has taken place during the year.

It was a year of consolidation for the group with only four new stores opening and following the closure of two unprofitable units, Peacock's Stores Limited currently trades from 104 stores and Milletts from 42 stores.

The company has addressed itself to strengthening its buying and merchandising operation and has appointed a new buying director to head this department and the directors are optimistic that with his input and new disciplines further benefits will accrue to the future trading prospects for the company.

The company invested heavily in a new warehouse racking and sortation system which will not only extend the life of the warehouse but will improve the turn around of stock in the warehouse and ensure more rapid delivery of merchandise to the branches.

During the year overheads have been strictly controlled and stock levels reduced significantly against the 1991 figures. It is envisaged that medium term loans will be paid off within the next three years which will enhance our balance sheet considerably.

As far as the future is concerned the directors believe that following the restructuring that has taken place in many departments the group is on a much stronger footing to handle a controlled expansion into new stores for Peacock's and Milletts. Competition in the high street continues to be fierce but the directors are optimistic that by catering for the group's sector of the market with products of high quality at competitive prices the group will continue to expand and enhance market share and with it improve profitability.

# Peacock's Stores Limited

## Directors' report *(continued)*

### Dividends and transfer to reserves

A first and final dividend of £2,000,000, amounting to £16.38 per share (1991: £Nil) was paid during the year.

### 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 as recorded in the register of directors' share and debenture interests:

	At 31 December 1992 Ordinary shares of 99p each	At 31 December 1991 Ordinary shares of 99p each	At 31 December 1992 Deferred shares of 1p each	At 31 December 1991 Deferred shares of 1p each
Mr R F Peacock (Chairman)	75,580	75,580	75,580	75,580
Mr H Child	25,000	25,000	40,000	40,000
Mr P J Blackburn	1,500	-	-	-
Mr J L Sheppard	1,500	-	-	-
Mr A J Woodhouse	1,500	-	-	-

On 6 January 1989 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 and Mr K L Fisk 2,000 ordinary shares of 99p each. On 31 March 1992 the options were exercised at the price at which they had been granted, being £9.25 per share.

Mr K L Fisk retired as a director on 31 July 1992. Mr M S Bullas was appointed as a director on 15 January 1993.

### Significant changes in tangible fixed assets

Movements in tangible fixed assets are given in note 11 to the financial statements.

### Market value of land and buildings

In 1991 all freehold properties were revalued to amounts which, in the opinion of the directors, reflected their open market value at 31 December 1991. The revalued amounts were based on independent open market valuations carried out in March 1992 by qualified Chartered Surveyors.

In the opinion of the directors, the market value of all freehold properties and also long and short leasehold properties as at 31 December 1992 is at least equal to their book value.

# Peacock's Stores Limited

## Directors' report *(continued)*

### Employees

The company fully recognises its responsibility for the health, safety and welfare at work, for all of its 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 development 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.

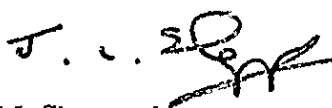
### Tax status

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

28 June 1993

Marlborough House  
Fitzalan Court  
Fitzalan Road  
Cardiff CF2 1 1P

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

We have audited the financial statements on pages 5 to 25 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 1992 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*

28 June 1993

*Chartered Accountants,  
Registered Auditors*

# Peacock's Stores Limited and Subsidiary Undertakings

## Consolidated profit and loss account for the year ended 31 December 1992

	Note	1992 £	1991 as restated £
Turnover	2	55,476,667	48,132,745
Cost of sales	3	(43,779,707)	(39,510,006)
Gross profit		<u>9,696,380</u>	<u>8,622,739</u>
Administrative expenses		(6,575,323)	(6,143,090)
Operating profit		<u>3,121,057</u>	<u>2,479,649</u>
Other operating income		446,819	368,530
Income from investments		3,905	4,888
Interest receivable and similar income		62,998	68,584
Interest payable and similar charges	8	(1,232,148)	(979,921)
Profit on ordinary activities before taxation	4-7	<u>2,402,631</u>	<u>1,941,730</u>
Tax on profit on ordinary activities	9	(954,264)	(98,217)
Profit on ordinary activities after taxation being profit for the financial year	10	<u>1,448,367</u>	<u>1,843,513</u>
Dividend paid		(2,000,000)	-
(Loss)/retained profit for the financial year		<u>(551,633)</u>	<u>1,843,513</u>
Retained profit brought forward		9,054,252	7,159,831
Currency adjustments on consolidation		123,094	50,908
Retained profit carried forward		<u>8,625,713</u>	<u>9,054,252</u>



# Peacock's Stores Limited and Subsidiary Undertakings

## Balance sheets at 31 December 1992

	Note	The Group		The Company	
		1992	1991	1992	1991
		£	£	£	£
Fixed assets					
Tangible assets	11	17,660,454	17,483,220	13,920,632	13,751,808
Investment in subsidiary undertakings	12	-	-	2,079,200	2,579,200
Other investments	12	310,924	283,385	91,670	98,670
		<u>17,971,378</u>	<u>17,766,605</u>	<u>16,091,502</u>	<u>16,429,678</u>
Current assets					
Stocks	13	8,372,116	10,710,442	6,462,150	8,578,556
Debtors, due within one year	14	3,358,245	2,239,856	4,348,097	3,094,879
Debtors due after more than one year	14	-	-	2,000,000	2,000,000
Cash at bank and in hand		1,075,906	365,898	96,630	253,779
		<u>12,806,261</u>	<u>13,316,196</u>	<u>12,906,877</u>	<u>13,927,214</u>
Creditors: amounts falling due within one year	15	(11,273,007)	(10,246,026)	(12,599,011)	(12,054,351)
Net current assets		<u>1,533,254</u>	<u>3,070,170</u>	<u>307,866</u>	<u>1,872,863</u>
Total assets less current liabilities		<u>19,504,632</u>	<u>20,836,775</u>	<u>16,399,368</u>	<u>18,302,541</u>
Creditors: amounts falling due after more than one year	16	(4,553,350)	(5,417,079)	(4,517,350)	(5,417,079)
Provisions for liabilities and charges	17	(218,000)	(318,000)	(150,000)	(250,000)
Net assets		<u>14,733,282</u>	<u>15,101,696</u>	<u>11,732,018</u>	<u>12,635,462</u>
Capital and reserves					
Called up share capital	19	128,458	122,023	128,458	122,023
Share premium account	20	160,486	106,796	160,486	106,796
Revaluation reserve		4,474,858	4,474,858	2,947,104	2,947,104
Capital redemption reserve		980,385	980,385	980,385	980,385
Capital reserve		363,382	363,382	-	-
Profit and loss account		8,625,713	9,054,252	7,515,585	8,479,154
Shareholders' funds		<u>14,733,282</u>	<u>15,101,696</u>	<u>11,732,018</u>	<u>12,635,462</u>

These financial statements were approved by the board of directors on 28 June 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 1992

	Note	1992		1991	
		£	£	£	£
Net cash inflow from operating activities	25	7,042,456		2,868,493	
<b>Return on investments and servicing of finance</b>					
Interest received		62,998		68,584	
Interest paid		(1,252,099)		(967,062)	
Interest element of finance lease rental payments		(26,328)		(12,859)	
Dividends received		3,905		4,888	
Dividends paid		(2,191,348)		(8,652)	
Net cash outflow from returns on investment and servicing of finance		(3,402,872)		(915,101)	
<b>Taxation</b>					
UK corporation tax paid		358,506		1,473,917	
Overseas tax paid		4,784		4,796	
Advance corporation tax paid		730,650		-	
Tax paid		(1,093,940)		(1,478,713)	
<b>Investing activities</b>					
Payments to acquire tangible fixed assets	26	(1,018,371)		(3,068,004)	
Purchase of other investments		-		(10,175)	
Purchase of subsidiary undertakings		-		(2,005,546)	
Sale of tangible fixed assets		8,000		94,702	
Sale of other investments		-		300	
Payments to assign leasehold premises		(267,500)		-	
Net cash outflow from investing activities		(1,277,871)		(4,988,723)	
Net cash inflow/(outflow) before financing		1,267,773		(4,514,044)	
<b>Financing</b>					
Issue of ordinary share capital	27	(60,125)		-	
Repayment of amounts borrowed	28	1,400,000		650,000	
Repayment of acquired subsidiary loan		-		356,040	
New loans		-		(4,000,000)	
Capital element of finance lease rental payments	28	1,339,875		(2,993,960)	
		43,087		83,989	
Net cash outflow/(inflow) from financing		1,382,962		(2,909,971)	
Decrease in cash and cash equivalents	29	(115,189)		(1,604,073)	
		1,267,773		(4,514,044)	

# 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. In 1992 all of the companies in the group made up their financial statements for the 53 weeks ended 31 December (1991: 52 weeks to 27 December). Where necessary, comparatives have been restated for minor reclassification in order to ensure consistency.

#### *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*

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
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)

#### *Investment properties*

In accordance with Statement of Standard Accounting Practice No 19:-

- investment properties are valued by the directors annually and any aggregate surplus or deficit is transferred to a revaluation reserve; and
- no depreciation is provided on investment properties.

The directors consider that the residual values of the investment properties will be at least equal to their current book values and that as a result, any depreciation charge would be immaterial.

#### *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 results are translated at the average rate of exchange applicable for the financial year. The resultant currency adjustments are 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 at its estimated original cost 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 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. Contributions to the money purchase scheme are charged to the profit and loss account in the period in which they become payable.

#### *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.

# Peacock's Stores Limited and Subsidiary Undertakings

## Notes (continued)

### 1 Accounting policies (continued)

#### *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.

### 2 Turnover

Turnover comprises retail sales, excluding value added tax, and arises principally in the UK.

### 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

	1992	1991
	£	£
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging/(crediting)</i>		
Auditors' remuneration and expenses:		
- audit services	30,500	29,190
- other services	136,387	
Depreciation of tangible fixed assets:		
- owned	1,333,116	1,607,416
- leased	155,956	20,017
Depreciation of investment property	-	4,491
Land and building rentals	6,133,927	4,457,128
Other operating lease rentals	267,119	304,681
Freehold property maintenance costs	54,161	151,233
Directors' remuneration:-		
Salaries and other emoluments (including pension contributions) as executives	550,071	595,688
Compensation to retiring director (including use of a car valued at £20,115)	49,794	-
Pension to widow of former director	5,500	5,500
Rents receivable from property	(84,507)	(78,316)
Release of pension provision (note 17)	(100,000)	(330,000)
Loss on foreign currency transactions	23,779	43,094
Release of deferred income	(506,697)	(404,321)

The comparative figures are stated after accounting for the results of Milletts (Camping and Countrywear) Limited and its subsidiaries, subsequent to it being acquired by the company on 26 July 1991.

# 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 £161,855 (1991: £170,480).

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	
		1992	1991
£ 35,001	- £ 40,000	1	-
£ 55,001	- £ 60,000	1	1
£ 60,001	- £ 65,000	2	3
£145,001	- £150,000	1	-
£150,001	- £155,000	-	1
£160,001	- £165,000	1	-
£170,001	- £175,000	-	1
		<hr/>	<hr/>

### 6 Loans to directors and directors' material interests in contracts

Mr A J Woodhouse was advanced £9,100 in February 1992 which was repaid by March 1992.

The company rents certain premises owned by the directors' pension scheme, the members of which include Mr H Child and Mr R F Peacock. The scheme charges arms length rentals based on market rates currently in force. The rentals charged during the year amounted to £89,000 (1991: £89,000).

### 7 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	
		1992	1991
Management		8	8
Administration		293	291
Other		1,653	1,669
		<hr/>	<hr/>
		1,954	1,958
		<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

		1992	1991
		£	£
Wages and salaries		9,617,678	8,351,881
Social security costs		713,157	618,204
Other pension costs (see note 24)		213,603	215,505
		<hr/>	<hr/>
		10,544,438	9,185,590
		<hr/>	<hr/>

# Peacock's Stores Limited and Subsidiary Undertakings

## Notes (continued)

### 8 Interest payable

	1992 £	1991 £
On bank loans, overdrafts and other loans wholly repayable within five years	1,186,284	951,830
Finance charges payable in respect of finance leases	32,890	12,859
Other interest	12,974	15,232
	<u>1,232,148</u>	<u>979,921</u>

### 9 Taxation

	1992 £	1991 £
UK corporation tax at 33% (1991: 33.25%) based on the profit for the year on ordinary activities	690,107	389,581
Tax attributable to franked investment income	-	1,223
Overseas taxation	1,467	4,032
Double taxation relief	(54,092)	-
Deferred tax	210,459	(98,561)
Adjustment to prior years	106,323	(198,058)
	<u>954,264</u>	<u>98,217</u>

The 1991 rate of tax charge was below the standard rate of corporation tax, as a result of the release or utilisation of provisions amounting to £880,000 for which no allowance for tax purposes was received on creation.

### 10 Profit for the financial year

The profit dealt with in the financial statements of the company was £1,036,431 including £43,000 of group dividends receivable (1991: £3,297,049 including £2,043,000 of group dividends receivable).

# Peacock's Stores Limited and Subsidiary Undertakings

## Notes (continued)

### 11 Tangible fixed assets

The Group	Freehold property	Long term leasehold property	Short term leasehold property	Fixtures, fittings and equipment	Total
	£	£	£	£	£
<i>Cost or valuation</i>					
At 1 January 1992	10,071,918	1,181,970	3,708,121	12,012,045	26,974,054
Additions	92,912	-	101,979	1,615,919	1,810,810
Disposals	-	-	(56,778)	(351,815)	(408,593)
Reclassification	-	(523,148)	523,148	-	-
At 31 December 1992	10,164,830	658,822	4,276,470	13,276,149	28,376,271
<i>Analysis</i>					
Assets at cost	840,481	658,822	4,276,470	13,276,149	19,051,922
Assets at valuation	9,324,349	-	-	-	9,324,349
	10,164,830	658,822	4,276,470	13,276,149	28,376,271
<i>Depreciation</i>					
At 1 January 1992	-	284,900	1,905,709	7,300,225	9,490,834
Charge for year	-	51,037	308,287	1,129,748	1,489,072
Disposals	-	-	(29,886)	(234,203)	(264,089)
Reclassification	-	(74,532)	74,532	-	-
At 31 December 1992	-	261,405	2,258,642	8,195,770	10,715,817
<i>Net book value</i>					
At 31 December 1992	10,164,830	397,417	2,017,828	5,080,379	17,660,454
At 31 December 1991	10,071,918	897,070	1,802,412	4,711,820	17,483,220

During 1991 freehold properties held by Peacock's Stores Limited and its subsidiary undertaking, Dorsman Estates Company Limited, were revalued to amounts which, in the opinion of the directors, reflected 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.

The reclassification within leasehold property arises from a review of the terms of the lease of a specific property.

The net book value of freehold property under the historical cost accounting rules at 31 December 1992 was £6,503,981 (1991: £6,411,069).

Included within fixtures and fittings are assets held under finance leases with a net book value of £813,975 (1991: £59,061) and with a corresponding depreciation charge of £155,956 (1991: £20,017).



# Peacock's Stores Limited and Subsidiary Undertakings

## Notes (continued)

### 11 Tangible fixed assets (continued)

The Company	Freehold property £	Long term leasehold property £	Short term leasehold property £	Fixtures, fittings and equipment £	Total £
<i>Cost or valuation</i>					
At 1 January 1992	7,087,349	862,064	3,410,026	11,073,717	22,433,156
Additions	92,912	-	101,979	1,485,704	1,680,595
Disposals	-	-	(56,778)	(351,815)	(408,593)
Reclassification	-	(523,148)	523,148	-	-
At 31 December 1992	7,180,261	338,916	3,978,375	12,207,606	23,705,158
<i>Analysis</i>					
Assets at cost	92,912	338,916	3,978,375	12,207,606	16,617,809
Assets at valuation	7,087,349	-	-	-	7,087,349
	7,180,261	338,916	3,978,375	12,207,606	23,705,158
<i>Depreciation</i>					
At 1 January 1992	-	215,593	1,794,920	6,670,835	8,681,348
Charge for year	-	45,705	279,018	1,042,544	1,367,267
Disposals	-	-	(29,886)	(234,203)	(264,089)
Reclassification	-	(74,532)	74,532	-	-
At 31 December 1992	-	186,766	2,118,584	7,479,176	9,784,526
<i>Net book value</i>					
At 31 December 1992	7,180,261	152,150	1,859,791	4,728,430	13,920,632
At 31 December 1991	7,087,349	646,471	1,615,106	4,402,882	13,751,808

During 1991 freehold properties were revalued to amounts which, in the opinion of the directors, reflected 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.

The reclassification within leasehold property arises from a review of the terms of the lease of a specific property.

The net book value of freehold property under the historical cost accounting rules at 31 December 1991 was £4,931,378 (1991: £4,838,466).

Included within fixtures and fittings are assets held under finance leases with a net book value of £759,975 (1991: £59,061) and a corresponding depreciation charge of £137,956 (1991: £20,017).

# Peacock's Stores Limited and Subsidiary Undertakings

## Notes (continued)

### 12 Investments

#### i) In subsidiary undertakings:

	1992 £	1991 £
Shares at cost	2,579,200	2,579,200
Less provision against diminution in value of investment in Milletts (Camping and Countrywear) Limited	(500,000)	-
	<u>2,079,200</u>	<u>2,579,200</u>

At 31 December 1992, the company had the following 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.

All subsidiaries have been included in the consolidated group results.

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	Retailing
* M J B Properties (Redbourn) Limited	Property management
Peacocks of Cheltenham Limited	Dormant
Peacocks of Cardiff Limited	Dormant
Peacocks Household Stores Limited	Dormant
* Milletts of St Albans (Management) Limited	Dormant
* Milletts (Staines) Limited	Dormant

\* indirectly owned

During the year a subsidiary undertaking, MJB Properties (Redbourn) Limited, was inadvertently struck off by the Registrar of Companies due to difficulties in communication following the transfer of the Registered Office of the company to a new address.

The directors have taken legal advice which states, that in these circumstances, there should be no obstacle to the company being restored to the Register of Companies and the necessary proceedings have therefore been put in motion.

In view of the above, the directors do not consider it likely that any material financial loss to the group will arise and no provision has therefore been made.

# Peacock's Stores Limited and Subsidiary Undertakings

## Notes (continued)

### 12 Investments (continued)

#### ii) Other investments

	The Group		The Company	
	1992	1991	1992	1991
	£	£	£	£
Property				
Cost	258,539	258,539	-	-
Net book value				
At beginning of year	184,715	174,714	-	-
Depreciation on fixtures	-	(4,491)	-	-
Currency adjustment	34,539	14,492	-	-
At end of year	219,254	184,715	-	-
Shares in listed companies				
At beginning of year - at cost	92,670	91,509	92,670	91,509
Additions	-	4,175	-	4,175
Disposals	-	(3,014)	-	(3,014)
Provision for diminution in value	(7,000)	-	(7,000)	-
At end of year - net book value	85,670	92,670	85,670	92,670
Other investments at cost	6,000	6,000	6,000	6,000
	310,924	283,385	91,670	98,670

The market value of the listed shares was £68,265 at 31 December 1992 (1991: £71,180).

In the opinion of the directors, the market value of the investment property at 31 December 1992 and 1991 was equivalent to its carrying and residual value at those dates.

### 13 Stocks

These comprise goods held for resale for both group and company.

# Peacock's Stores Limited and Subsidiary Undertakings

## Notes (continued)

### 14 Debtors

	The Group		The Company	
	1992	1991	1992	1991
	£	£	£	£
Due within one year:				
Trade debtors	8,830	19,605	-	4,668
Amounts owed by subsidiary undertakings	-	-	1,919,974	1,844,591
Other debtors	277,950	224,077	255,757	171,831
Advance corporation tax recoverable	469,885	529,205	-	64,961
Overseas tax recoverable	1,986	-	-	-
Deferred taxation (note 18)	-	210,459	-	-
Prepayments and accrued income	2,599,594	1,256,510	2,172,366	1,008,828
	<u>3,358,245</u>	<u>2,239,856</u>	<u>4,348,097</u>	<u>3,094,879</u>
Amounts owed by subsidiary undertakings due after more than one year			<u>2,000,000</u>	<u>2,000,000</u>

The amounts owed by subsidiary undertakings due after more than one year comprise two unsecured non-interest bearing loans.

### 15 Creditors: amounts falling due within one year

	The Group		The Company	
	1992	1991	1992	1991
	£	£	£	£
Bank loans (see note 16)	1,400,000	1,400,000	1,400,000	1,400,000
Bank overdrafts (see note 16)	1,058,426	233,229	1,040,291	-
Obligations under finance leases	162,192	24,111	126,192	24,111
Trade creditors	2,470,603	2,689,990	1,402,532	1,498,121
Amounts owed to subsidiary undertakings	-	-	2,707,477	5,100,244
Corporation tax	1,546,052	1,145,563	1,642,764	1,002,931
Advance corporation tax payable	-	731,627	-	64,961
Overseas tax	-	1,331	-	-
Other taxes and social security	1,185,136	1,200,491	1,185,136	941,983
Other creditors	1,788,391	483,016	1,718,150	76,351
Accruals and deferred income	1,051,616	1,328,032	765,878	937,013
Deferred capital receipts	610,591	817,288	610,591	817,288
Dividend	-	191,348	-	191,348
	<u>11,273,007</u>	<u>10,246,026</u>	<u>12,599,011</u>	<u>12,054,351</u>

# Peacock's Stores Limited and Subsidiary Undertakings

## Notes (continued)

### 16 Creditors: amounts falling due after more than one year

	The Group		The Company	
	1992	1991	1992	1991
	£	£	£	£
Bank loans (see below)	3,900,000	5,300,000	3,900,000	5,300,000
Obligations under finance leases:				
Second to fifth years	503,642	42,079	467,642	42,079
After more than five years	149,708	-	149,708	-
Corporation tax payable	-	75,000	-	75,000
	<u>4,553,350</u>	<u>5,417,079</u>	<u>4,517,350</u>	<u>5,417,079</u>

The bank loans are wholly repayable within five years. 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. At 31 December 1992 this security amounted to £4,050,000 (1991: £3,800,000) and takes the form of a fixed charge over certain freehold properties.

### 17 Provisions

*These comprise:*

	The Group		The Company	
	1992	1991	1992	1991
	£	£	£	£
Branch refurbishment costs	168,000	168,000	100,000	100,000
Pension contributions	50,000	150,000	50,000	150,000
	<u>218,000</u>	<u>318,000</u>	<u>150,000</u>	<u>250,000</u>

The movements during the year were as follows:

	The Group	The Company
	£	£
At 1 January 1992	318,000	250,000
Transfer to profit and loss account	(100,000)	(100,000)
	<u>218,000</u>	<u>150,000</u>
At 31 December 1992		

# Peacock's Stores Limited and Subsidiary Undertakings

## Notes (continued)

### 18 Deferred taxation

The deferred tax asset in 1992 comprised tax relief at 33% on profits in stock in individual group companies eliminated in the consolidated financial statements. The movement in the deferred tax asset during the year was as follows:

	£
At 1 January 1992	210,459
Transfer to profit and loss account (note 9)	(210,459)
	<hr/>
At 31 December 1992	-
	<hr/>

No provision for deferred taxation is considered necessary, the potential liability not recognised at 33% being as follows:

	The Group		The Company	
	1992	1991	1992	1991
	£	£	£	£
Difference between accumulated depreciation and amortisation and capital allowances	(99,732)	62,987	(104,464)	5,182
Other timing differences	(117,607)	(94,053)	(102,732)	(94,053)
Capital gain on revaluation of freehold properties	377,000	450,000	133,000	189,000
Capital gains rolled over/held over against other fixed assets	1,040,000	855,000	785,000	785,000
	<hr/>	<hr/>	<hr/>	<hr/>
	1,040,661	1,273,934	710,804	885,129
	<hr/>	<hr/>	<hr/>	<hr/>

In the opinion of the directors any potential capital gains arising from the revaluation of land and buildings or from the sale of tangible fixed assets at their book value will be rolled over against future additions. Accordingly, no provision for deferred taxation has been made.

# Peacock's Stores Limited and Subsidiary Undertakings

## Notes (continued)

### 19 Called up share capital

	1992 £	1991 £
<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>		
122,080 (1991: 115,580) ordinary shares of 99p each	120,859	114,424
759,924 deferred shares of 1p each	7,599	7,599
	<u>128,458</u>	<u>122,023</u>

On 6 January 1989, the directors 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 and K L Fisk 2,000 ordinary shares of 99p each. In March 1992 the options were exercised at the price at which they had been granted, being £9.25 per share. The aggregate nominal value of the shares issued in 1992 was £6,435 and the aggregate consideration received in cash was £60,125, including share premium of £53,690.

### 20 Share premium account

	1992 £	1991 £
At 1 January	106,796	106,796
Arising on issue of shares (note 19)	53,690	-
	<u>160,486</u>	<u>106,796</u>
At 31 December	160,486	106,796

### 21 Goodwill

The cumulative amount of goodwill written off direct to the consolidated profit and loss account is £878,600 (1991: £878,600).

# Peacock's Stores Limited and Subsidiary Undertakings

## Notes (continued)

### 22 Contingent liabilities

- (i) The company has given unlimited guarantees for the bank facilities provided to group undertakings by their bankers. The liabilities under these guarantees at 31 December 1992 amounted to £6,358,426 (1991: £6,933,229) including the company's own facilities. In addition, the company has also given a guarantee of £45,000 to the banker of one of its buying agents.
- (ii) Certain matters arising in the accounting records of the group relating to prior years have been reported to the Inland Revenue. Until these matters are resolved it is not possible to fully 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.

### 23 Commitments

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

	The Group		The Company	
	1992	1991	1992	1991
	£	£	£	£
Contracted	-	1,294,000	-	1,294,000
Authorised but not contracted	647,048	176,000	612,926	176,000

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

The Group	1992		1991	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire:				
Within one year	234,350	15,436	176,600	42,468
In the second to fifth years inclusive	251,269	56,160	157,049	93,609
After more than five years	4,881,349	4,734	4,972,384	-
	5,366,968	76,330	5,306,033	136,077



# Peacock's Stores Limited and Subsidiary Undertakings

## Notes (continued)

### 23 Commitments (continued)

The Company	1992		1991	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	106,100	11,717	126,800	41,878
In the second to fifth years inclusive	108,369	44,592	25,249	57,956
After more than five years	4,030,149	4,734	4,086,049	-
	<u>4,244,618</u>	<u>61,043</u>	<u>4,238,098</u>	<u>99,834</u>

- (iii) At 31 December 1992 the group had outstanding commitments under forward exchange contracts and documentary letters of credit of £3,664,672 and £1,380,894 respectively (1991: £4,106,720 and £1,723,482 respectively).

### 24 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 £Nil (1991: £20,000).

The group also operates two pension schemes of the funded 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 below.

#### *Peacock's Stores Limited*

The last triennial valuation was completed as at 1 September 1992 using the projected unit method and indicated that the actuarial value of the scheme's assets, £2,049,000, exceeded the discounted value of benefits accrued for at that date by £359,000 (21%). This surplus is being released over the estimated average remaining lives of the employees currently in the pension scheme.

# Peacock's Stores Limited and Subsidiary Undertakings

## Notes (continued)

### 24 Pensions (continued)

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.
- (d) At normal retirement age 95% of members will be married and wives will be three years younger than their husbands.

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 £183,206 (1991: £164,766).

Included in accruals is £38,000 in respect of the timing difference between contributions charged and those paid (1991: £Nil).

#### *Millelts (Camping and Countrywear) Limited*

The last triennial valuation was completed as at 1 January 1992 using the projected unit method and indicated that the actuarial value of the scheme's assets, £1,110,000, exceeded the discounted value of benefits accrued for at that date by £389,000 (54%). 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.
- (e) At normal retirement age 90% of members will be married and wives will be three years younger than their husbands.

The total pension costs charged in the period amounted to £30,397 (1991: £30,739).

Included in prepayments is £22,925 in respect of the timing difference between contributions charged and those paid (1991: £Nil).

# Peacock's Stores Limited and Subsidiary Undertakings

## Notes (continued)

### 25 Reconciliation of operating profit to net cash inflow from operating activities

	1992 £	1991 £
Operating profit	3,121,057	2,479,649
Other operating income	446,819	368,530
Depreciation charge	1,489,072	1,631,924
Write down of listed investments	7,000	-
Loss/(profit) on sale of tangible fixed assets and assignment of leasehold premises	404,004	(30,119)
Loss on sale of listed shares	-	2,714
Decrease/(increase) in stocks	2,338,332	(1,247,096)
(Increase)/decrease in debtors	(1,386,182)	14,527
Increase in creditors	633,799	491,943
Decrease in provisions	(100,000)	(887,000)
Currency adjustments	88,555	36,416
Net cash inflow from operating activities	<u>7,042,456</u>	<u>2,868,493</u>

### 26 Significant non-cash transactions

	1992 £	1991 £
Cost of tangible fixed assets acquired	(1,810,810)	(3,147,082)
Cost of assets acquired under finance leases	910,870	79,078
Less initial capital payments	(118,431)	-
Payments to acquire tangible fixed assets	<u>(1,018,371)</u>	<u>(3,068,004)</u>

### 27 Analysis of changes in share capital financing during the year

	Share capital £	Share premium £	Total £
At 1 January 1992	122,023	106,796	228,819
Issue of ordinary shares	6,435	53,690	60,125
At 31 December 1992	<u>128,458</u>	<u>160,486</u>	<u>288,944</u>

# Peacock's Stores Limited and Subsidiary Undertakings

## Notes (continued)

### 28 Analysis of changes in loan and finance lease financing during the year

	Loans £	Finance lease obligations £
At 1 January 1992	6,700,000	66,190
Cash outflow from financing	(1,400,000)	(43,087)
Inception of finance lease contracts (net of initial capital payments)	-	792,439
At 31 December 1992	<u>5,300,000</u>	<u>815,542</u>

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

	1992 £	1991 £	Change in year £
Cash at bank and in hand	1,075,906	365,898	710,008
Bank overdrafts	(1,058,426)	(233,229)	(825,197)
	<u>17,480</u>	<u>132,669</u>	<u>(115,189)</u>