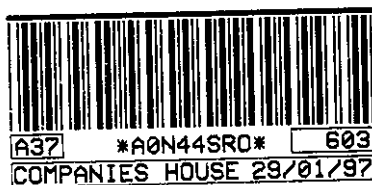


**Dorsman Estates Company
Limited**

Directors' report and financial statements

31 March 1996

Registered number 368352



Dorsman Estates Company Limited

Directors' report and financial statements

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Dorsman Estates Company Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 1996.

Principal activity

The main activity of the company is the acquisition and holding of property as an investment.

Business review

The results for the year are shown in the profit and loss account on page 4.

Dividends

No dividend has been paid in the year and none is proposed. (1995: £Nil).

Market value of land and buildings

In the opinion of the directors, the market value of the land and buildings of the company is at least equal to their carrying value.

Directors and directors' interests

The directors who held office during the year were as follows:

Mr R F Peacock
Mr H Child

The interests of the directors in the share capital of group undertakings are disclosed in the directors' report of the parent undertaking, Peacock's Stores Limited.

Dorsman Estates Company Limited

Directors' report (*continued*)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the board



H Child
Director

Atlantic House
Tyndall Street
Cardiff
CF1 5BE

28 October 1996



Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff CF2 1TE

Auditors' report to the members of Dorsman Estates Company Limited

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

31st October 1996

Chartered Accountants
Registered Auditors

Dorsman Estates Company Limited

Profit and loss account for the year ended 31 March 1996

	<i>Note</i>	Year ended 31 March 1996 £	15 months to 31 March 1995 £
Turnover - rental income	2	131,005	163,884
Cost of sales		(10,017)	(16,290)
		<hr/>	<hr/>
Gross profit		120,988	147,594
Administrative expenses		(20,000)	(1,059)
Interest receivable		7,582	-
		<hr/>	<hr/>
Operating profit being profit on ordinary activities before taxation	4	108,570	146,535
Tax on profit on ordinary activities	5	(22,180)	(48,909)
		<hr/>	<hr/>
Profit on ordinary activities after taxation being retained profit for the financial period		86,390	97,626
		<hr/>	<hr/>
Retained profit brought forward		640,219	542,593
		<hr/>	<hr/>
Retained profit carried forward		726,609	640,219
		<hr/>	<hr/>

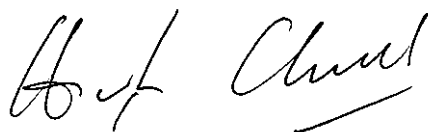
The above results represent the total recognised gains and losses in each financial period.

Dorsman Estates Company Limited

Balance sheet at 31 March 1996

	Note	31 March 1996		31 March 1995	
		£	£	£	£
Fixed assets					
Tangible assets	6	2,466,843		2,473,860	
Current assets					
Debtors	7	358,071		279,665	
Creditors: amounts falling due within one year	8	<u>(132,551)</u>		<u>(147,552)</u>	
Net current assets		<u>225,520</u>		<u>132,113</u>	
Total assets less current liabilities		2,692,363		2,605,973	
Creditors: amounts falling due after more than one year	9	<u>(250,000)</u>		<u>(250,000)</u>	
Net assets		<u>2,442,363</u>		<u>2,355,973</u>	
Capital and reserves					
Called up share capital	11	188,000		188,000	
Revaluation reserve		1,527,754		1,527,754	
Profit and loss account		<u>726,609</u>		<u>640,219</u>	
Equity shareholders' funds	12	<u>2,442,363</u>		<u>2,355,973</u>	

These financial statements were approved by the board of directors on 28 October 1996, and were signed on its behalf by:



H Child
Director

Dorsman Estates Company Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently 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 comparatives are for the 15 months ended 31 March 1995.

Tangible fixed assets and depreciation

Depreciation has not been provided on freehold property as it is the company'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 as 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, less the estimated residual value, of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Long leasehold property	-	60 years
Fixtures and fittings	-	8 years

Taxation

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

Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from preparing a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking whose parent company has prepared a consolidated statement of cash flows which incorporates those of the company.

2 Turnover

Turnover represents the amounts (excluding value added tax) derived from rental income receivable during the period.

3 Remuneration of directors

No director received any emoluments during either the current or preceding financial period.

Dorsman Estates Company Limited

Notes (continued)

4 Profit on ordinary activities before taxation

	1996 £	1995 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration for audit services	1,000	1,000
Depreciation	7,017	10,493
	<hr/>	<hr/>

The company does not employ any staff directly. Management services are supplied by, and the directors are paid by, the ultimate parent undertaking, Peacock's Stores Limited.

5 Taxation

	1996 £	1995 £
UK corporation tax at 33% (1995: 33%)	34,000	48,909
Adjustment to prior years	(11,820)	-
	<hr/>	<hr/>
	22,180	48,909
	<hr/>	<hr/>

The prior year credit reflects the release of over provisions in earlier years.

Dorsman Estates Company Limited

Notes (continued)

6 Tangible fixed assets

	Freehold land and buildings at valuation £	Long leasehold property at cost £	Fixtures and fittings at cost £	Total £
<i>Cost and valuation</i>				
At 1 April 1995	2,238,905	319,906	24,496	2,583,307
Additions	-	-	-	-
At 31 March 1996	2,238,905	319,906	24,496	2,583,307
<i>Depreciation</i>				
At 1 April 1995	-	86,636	22,811	109,447
Charge for year	-	5,332	1,685	7,017
At 31 March 1996	-	91,968	24,496	116,464
<i>Net book value</i>				
At 31 March 1996	2,238,905	227,938	-	2,466,843
At 31 March 1995	2,238,905	233,270	1,685	2,473,860

In 1991 all freehold land and buildings 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.

Under historical cost accounting rules, the net book value of freehold land and buildings would be £682,204 as at 31 March 1996 (1995: £682,204).

7 Debtors

	1996 £	1995 £
Amounts owed by parent and fellow subsidiary undertakings	358,071	214,028
Advance corporation tax recoverable	-	65,637
	<u>358,071</u>	<u>279,665</u>

Dorsman Estates Company Limited

Notes (continued)

8 Creditors: amounts falling due within one year

	1996 £	1995 £
Amounts owed to fellow subsidiary undertakings	98,551	-
Corporation tax	34,000	146,596
Accruals and deferred income	-	956
	<u>132,551</u>	<u>147,552</u>

9 Creditors: amounts falling due after more than one year

	1996 £	1995 £
Amounts owed to parent undertaking	250,000	250,000
	<u>250,000</u>	<u>250,000</u>

This represents a loan which is interest free, has no fixed repayment terms but which is not anticipated to become repayable within the next twelve months.

10 Deferred taxation

In the opinion of the directors any potential capital gains tax arising from the revaluation of land and buildings, which at 31 March 1996 amounted to £202,000 (1995 : £210,000), will be rolled over against future additions. Accordingly no provision for deferred taxation has been made.

11 Called up share capital

	1996 £	1995 £
<i>Authorised</i>		
Ordinary shares of £1 each	200,000	200,000
	<u>200,000</u>	<u>200,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	188,000	188,000
	<u>188,000</u>	<u>188,000</u>

12 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
Profit for the financial period	86,390	97,626
Shareholders' funds at beginning of period	2,355,973	2,258,347
	<u>2,442,363</u>	<u>2,355,973</u>
Shareholders' funds at end of period		

Dorsman Estates Company Limited

Notes *(continued)*

13 **Ultimate parent undertaking**

The ultimate parent undertaking is Peacock's Stores Limited, a company registered in England and Wales which heads the largest (and only) group in which the results of the company are consolidated. The financial statements of Peacock's Stores Limited may be obtained from the Registrar of Companies at Companies House, Crown Way, Cardiff.

14 **Contingent liabilities**

The company is party to an unlimited guarantee for borrowing facilities provided to group undertakings. The liability under this guarantee at 31 March 1996 amounted to £3,375,000 (1995: £3,375,000).

Certain of the company's properties are subject to a fixed charge by way of security for the group's borrowing facilities.