

AUSTIN REED CREDIT SERVICES LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2005



AUSTIN REED CREDIT SERVICES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JANUARY 2005

The Directors present herewith the audited accounts for the year ended 31 January 2005.

Business Activities

The Company continued to provide credit services and extended credit facilities for retail customers of Austin Reed Limited and fellow subsidiaries.

The Company's profitability is influenced primarily by the cost of the borrowings undertaken to finance its business.

Results and Dividends

The profit and loss account for the year is set out on page 5. The profit for the year, after taxation, amounted to £153,689 (2004: £235,850).

The Directors have paid an interim dividend for the year ended 31 January 2005 of £1,500 per ordinary share (2004: £3,500 per ordinary share), thus leaving a profit of £3,689 to be transferred to retained reserves (2004: Loss £114,150).

The Environment

The Environmental Committee, comprising of representatives from throughout the Austin Reed Group, has increased the focus of attention on issues of an environmental nature during the year. It reports directly to the Acting Chief Executive of Austin Reed Group who is responsible for overseeing the implementation of an environmental policy. The Committee has developed and issued an Environmental Statement to employees and suppliers.

During the year staff have been reminded of the Group's commitment to environmental issues and ways in which they can individually make a difference. The main focus of attention remains in the areas of packaging waste, use of raw materials, energy usage and transport.

Directors

The Directors of the Company at 31 January 2005 all of whom have served throughout the year, unless otherwise stated were:

G Gibson

WA Lowbridge Resigned 14 April 2005

NW Hollingworth Appointed 26 May 2004

WA Lowbridge stepped down from his executive duties with effect from 19 July 2004 but resigned as a Director with effect from 14 April 2005.

Directors' Interests

According to the register required to be kept by Section 325 of the Companies Act 1985, no director at 31 January 2005 had any interest in the shares of the Company. As permitted by Statutory Instrument the register does not include any shareholdings of Directors who are also Directors of the Holding Company.

Auditors and Annual General Meeting

Pursuant to a resolution passed by the members, the Company has elected to dispense with the holding of Annual General Meetings, of laying financial statements and reports before the Company in General Meeting, and with the obligation to reappoint the auditors annually.

By Order of the Board


Tony Lee
Company Secretary

4 July 2005

DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

The Directors are required by UK Company Law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period.

In preparing the accounts for the year ended 31 January 2005 suitable accounting policies have been used and applied consistently, framed by reference to reasonable and prudent judgements and estimates. Applicable accounting standards have been followed and the accounts have been prepared on a going concern basis. The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and for ensuring that steps are taken to prevent and detect fraud and other irregularities.

By Order of the Board



Tony Lee
Company Secretary

4 July 2005

Independent auditors' report to the members of Austin Reed Credit Services Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

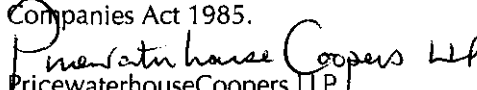
Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 January 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Edinburgh
4 July 2005

AUSTIN REED CREDIT SERVICES LIMITED
PROFIT & LOSS ACCOUNT

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For the year ended 31 January 2005

	Notes	2005 £	2004 £
Turnover	1	510,722	636,301
Administration expenses		292,522	307,463
Profit on ordinary activities before taxation	2	<u>218,200</u>	<u>328,838</u>
Taxation	4	64,511	92,988
Profit for the financial year		<u>153,689</u>	<u>235,850</u>
Dividends	5	150,000	350,000
Retained profit/(loss) for the year	8	<u><u>3,689</u></u>	<u><u>(114,150)</u></u>

All operations are continuing.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit retained for the year stated above, and their historical cost equivalents.

AUSTIN REED CREDIT SERVICES LIMITED
BALANCE SHEET

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at 31 January 2005

	Notes	2005 £	2004 £
CURRENT ASSETS			
Trade Debtors :			
- Falling due within one year		2,253,614	2,689,302
- Falling due after one year		480,351	517,904
		<u>2,733,965</u>	<u>3,207,206</u>
CREDITORS			
Amounts falling due within one year	6	2,104,925	2,581,855
Total assets less current liabilities		<u>629,040</u>	<u>625,351</u>
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Profit and loss account	8	628,940	625,251
Equity shareholder's funds	9	<u>629,040</u>	<u>625,351</u>

The accounts on pages 5 to 9 were approved by the Board of Directors on 4 July 2005 and are signed on its behalf by :

G Gibson



Director

AUSTIN REED CREDIT SERVICES LIMITED
NOTES TO THE ACCOUNTS

at 31 January 2005

1. ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention and Accounting Standards in the United Kingdom.

Turnover

Turnover represents interest charged to credit card holders and is recognised as it is charged.

Cashflow Statement

The company is a wholly-owned subsidiary of Austin Reed Group PLC and the cash flows of the company are included in the consolidated group cash flow statement of Austin Reed Group PLC. Consequently the company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cashflow statement.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2005	2004
	£	£
Profit on ordinary activities before taxation		
is stated after charging:		
Auditors' remuneration - Audit fees	3,000	2,000
Interest payable to fellow subsidiary	62,064	82,340
	<u> </u>	<u> </u>

3. EMPLOYEES

The salary costs of staff employed during the year were borne by a fellow subsidiary company.

Directors' Remuneration

None of the directors received any emoluments or had pension contributions made on their behalf in respect of services to the company in either year.

at 31 January 2005

4. TAXATION

The taxation charge which is based on the profit for the year is made up as follows :-

	2005	2004
	£	£
Current year :		
UK Corporation tax at 30% (2004 : 30%)	65,460	99,600
Adjustments in respect of prior years	(949)	(6,612)
	<u>64,511</u>	<u>92,988</u>

5. DIVIDENDS

	2005	2004
	£	£
Dividends on equity shares		
Ordinary - Interim paid of £1,500 per share (2004: £3,500)	150,000	350,000
	<u>150,000</u>	<u>350,000</u>

6. CREDITORS

Amounts falling due within one year

	2005	2004
	£	£
Trade creditors	1,756,802	1,773,592
Amount due to parent company	278,340	708,663
Corporation tax	69,783	99,600
	<u>2,104,925</u>	<u>2,581,855</u>

7. SHARE CAPITAL

	2005	2004
	£	£
Ordinary shares of £1 each		
Authorised, issued, called up and fully paid	<u>100</u>	<u>100</u>

at 31 January 2005

8. PROFIT AND LOSS ACCOUNT

	2005 £	2004 £
At 1 February 2004	625,251	739,401
Retained profit/(loss) for the year	3,689	(114,150)
At 31 January 2005	<u>628,940</u>	<u>625,251</u>

9. MOVEMENT IN SHAREHOLDER'S FUNDS

	2005 £	2004 £
Opening shareholder's funds	625,351	739,501
Profit for the financial year	153,689	235,850
Dividends	(150,000)	(350,000)
Closing shareholder's funds	<u>629,040</u>	<u>625,351</u>

10. CONTINGENT LIABILITY

The company and a fellow subsidiary have guaranteed a loan to its holding company. At 31 January 2005 the balance on the loan was £4,853,000 (2004 : £13,753,000)

11. ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of Austin Reed Group PLC, a company registered in England. Under the terms of Financial Reporting Standard No. 8 Austin Reed Credit Services Limited is exempt from disclosing related party transactions and balances with entities within Austin Reed Group PLC. Copies of the consolidated accounts can be obtained from The Secretary, Station Road, Thirsk, North Yorkshire YO7 1QH.