Bon Marché Group Limited

Annual report and financial statements
for the 14 months ended 31 March 2003

Registered number: 4172055

Directors' report

For the 14 months ended 31 March 2003

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the 14 months ended 31 March 2003.

Principal activity and business review

The principal activity of the company is that of a holding company.

The directors expect the general level of activity to continue in the coming year.

Results and dividends

The audited accounts for the period ended 31 March 2003 are set out on pages 1 to 12. The loss for the period after taxation amounted to £1,956,000 (2002: profit of £5,057,000). The directors do not propose the payment of a dividend (2002: nil).

Directors and their interests

The directors who served during the period were as follows:

GS Chima Snr	Resigned 22 July 2002
GS Chima Jnr	Resigned 22 July 2002
SR Bullas	Resigned 22 July 2002
JC Fellows	Resigned 22 July 2002
DA Walker	Resigned 22 July 2002
JC Rubin	Resigned 22 July 2002
MS Advani	Resigned 12 April 2002
K Whittle	Appointed 12 April 2002 (Resigned 22 July 2002)
AC Taylor-Clague	Appointed 27 February 2002 (Resigned 22 July 2002)
RS Kirk	Appointed 22 July 2002
KR Bryant	Appointed 22 July 2002

None of the directors of Bon Marché Group Limited hold an interest in the ordinary shares of the company.

The interests of the directors in the share capital of the ultimate parent undertaking are disclosed in the annual report of the ultimate parent undertaking, The Peacock Group plc.

Employees

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

Auditors

KPMG resigned as auditors of the company on 22 July 2002, following acquisition of the company by The Peacock Group plc. Arthur Andersen were appointed as auditors at this date.

Arthur Andersen resigned on 31 July 2002. On 1 August 2002, Deloitte & Touche were appointed to fill a casual vacancy.

On 1 August 2003, Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Atlantic House
Tyndall Street
Cardiff
CF10 4PS

By order of the Board,

K R Bryant
Director

26 September 2003

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

To the Members of Bon Marché Group Limited

We have audited the financial statements of Bon Marché Group Limited for the 14 months ended 31 March 2003, which comprise the profit and loss account, the balance sheet, and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

Basis of opinion

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

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

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 2003 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Bristol

6 October 2003

Profit and loss account

For the 14 months ended 31 March 2003

	Note	2003 £'000	2002 £'000
Income from shares in subsidiary undertakings		-	6,103
Operating profit		-	6,103
Finance charges	2	(1,956)	(1,405)
(Loss)/Profit on ordinary activities before taxation	4	(1,956)	4,698
Tax on (loss)/profit on ordinary activities	5	-	359
Retained (loss)/profit for the period	12	(1,956)	5,057

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

All results derive from continuing operations.

Balance sheet

31 March 2003

	Note	2003 £'000	2002 £'000
Fixed assets			
Investments	6	12,952	12,952
		12,952	12,952
Current assets			
Debtors	7	14,538	17,305
		14,538	17,305
Creditors: amounts falling due within one year	8	-	(2,000)
Net current assets		14,538	15,305
Total assets less current liabilities		27,490	28,257
Creditors: amounts falling due after more than one year	9	(23,889)	(22,700)
Net assets		3,601	5,557
Capital and reserves			
Called-up share capital	10	50	50
Share premium	11	135	135
Merger Reserve	11	315	315
Profit and loss account	11	3,101	5,057
Equity and non-equity shareholders' funds	12	3,601	5,557

The financial statements were approved by the board of directors on 26 September 2003 and signed on its behalf by:

K R Bryant
Director

26 September 2003

1 Accounting policies

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

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by *Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of The Peacock Group plc which* prepares consolidated financial statements which are publicly available.

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

b) Investments

Fixed asset investments are stated at cost less any provision for impairment.

c) Taxation

The charge for taxation is based on the (loss)/profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision is made for deferred tax with the exception of potential liabilities relating to the sale of freehold land and buildings

2 Finance charges

	2003 £'000	2002 £'000
On bank loans and overdrafts	1,019	693
On loan stock	426	501
On loan notes	132	160
Amortisation of facility arrangement fees	379	51
	1,956	1,405

3 Directors' remuneration

No director received any emoluments for their services to this company during either the current or preceding financial year. Directors are paid by the ultimate parent undertaking, The Peacock Group plc and it is not practicable to allocate their remuneration between their services to group companies. Information about directors' remuneration may be found in the financial statements of The Peacock Group plc.

4 (Loss)/Profit on ordinary activities before taxation

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

5 Tax on (loss)/profit on ordinary activities

	2003 £'000	2002 £'000
Current tax		
Group relief	-	(359)
Total current tax, being total tax on (loss)/profit on ordinary activities	-	(359)

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

	2003 £'000	2002 £'000
(Loss)/Profit on ordinary activities before tax	(1,956)	4,698
Tax on (loss)/profit on ordinary activities at standard UK corporation tax rate of 30% (2002: 30%)	(587)	1,409
Effects of:		
Expenses not deductible for tax purposes	-	71
Non-taxable group income	-	(1,839)
Group relief surrendered free of charge	587	-
Current tax charge/(credit) for the year	-	(359)
Effective current tax rate for the year	0.0%	(7.6%)

6 *Fixed asset investments*

	2003 £'000
Cost and net book value	
At 1 February 2002 and 31 March 2003	12,952

The company's principal trading subsidiary undertaking included in these financial statements is Bon Marché Limited, which is registered in England and Wales. The principal activity of Bon Marché Limited is that of the retailing of garments, specialising in ladieswear. The company owns the entire ordinary share capital of this company via its 100% holding in Bon Marché Holdings Limited.

7 Debtors

	2003 £'000	2002 £'000
Amount owed by group undertakings	14,538	17,305

8 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Bank loans	-	2,000

9 Creditors: amounts falling due after more than one year

	2003 £'000	2002 £'000
Bank loans	-	11,500
Loan notes	-	4,000
Loan stock	-	7,200
Amounts owed to group undertakings	23,889	-
	23,889	22,700

10 Called-up share capital

	2003 £'000	2002 £'000
Authorised		
99,900,000 Ordinary shares of 10p each	9,990	9,990
100,000 'A' ordinary shares of 10p each	10	10
500,000 'B' ordinary shares of US$0.15 each	49	-
	10,049	10,000
Allotted, called-up and fully paid		
400,000 Ordinary shares of 10p each	40	40
100,000 'A' ordinary shares of 10p each	10	10
	50	50

All shares attract a cumulative preferential net cash dividend. This dividend will be based on 20% of net profit for the periods ended 31 March 2003 and 31 March 2004, and 25% of net profit thereafter. The shareholders waived the right to the dividend in the current period.

All classes of share rank pari passu in relation to voting rights or in the event of a winding up of the company.

11 Reserves

	Merger reserve £'000	Share premium account £'000	Profit and loss account £'000
1 February 2002	315	135	5,057
Retained loss for the period	-	-	(1,956)
31 March 2003	315	135	3,101

12 Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
(Loss)/Profit for the year	(1,956)	5,057
Retained (loss)/profit for the year, being net *(reduction)/addition to shareholders' funds*	(1,956)	5,057
Opening shareholders' funds	5,557	500
Closing shareholders' funds	3,601	5,557

13 Contingent liabilities

As a subsidiary of The Peacock Group plc, the company is part of a group that has given guarantees for the bank facilities provided to all group undertakings by their principal bankers. The joint liabilities under these guarantees at 31 March 2003 amounted to £67,180,000 (2002 - £16,857,000).

14 Related party transactions

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

15 Ultimate parent undertaking and controlling party

The immediate and ultimate parent company is The Peacock Group plc, a company incorporated in Great Britain and registered in England and Wales.

The results of the company are consolidated in the financial statements of The Peacock Group plc, copies of which can be obtained from Atlantic House, Tyndall Street, Cardiff, CF10 4PS.