Jenners Princes Street Edinburgh Limited

Annual Report and Accounts

1 February 2004

SC 13150

Ernst & Young

Directors

Robert A.G. Douglas Miller	Chairman
Robbie P. Douglas Miller	Managing Director
Andrew G. Douglas Miller	Deputy Chairman and Development Director
Kenneth N. Grant	Buying and Marketing Director (resigned 28 April 2004)
Elizabeth A. Barclay	Finance Director
John Gaffney	Store Director (appointed 1 February 2004)
Tony A. Salem	Non-Executive Director

Notice of meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at 48 Princes Street, Edinburgh on 8 June 2004 at 11.00 am to transact the following business:

1. To receive and adopt the Directors' Report and Accounts for the year ended 1 February 2004.

2. To declare a dividend on the Ordinary Share Capital.

3. To re-elect Andrew G. Douglas Miller who is retiring by rotation, as a Director of the Company.

4. To re-elect John Gaffney, who was appointed on 1 February 2004, as a Director of the Company.

5. To re-appoint Ernst & Young LLP as the Company's auditors and to authorise the Directors to fix their remuneration.

By order of the Board

Elizabeth A. Barclay
Secretary

12 May 2004

Registered Office

48 Princes Street
Edinburgh
EH2 2YJ

Notes:

1. Only holders of Ordinary Shares are entitled to attend and vote at the Annual General Meeting.

2. A member who is entitled to attend and vote at this meeting may appoint a proxy or proxies to attend and vote in their stead. A proxy need not be a member of the Company.

3. The following information is available for inspection at the Registered Office of the Company on weekdays during normal business hours from the date of this notice until the conclusion of the Annual General Meeting:-

   A statement of the Directors' transactions and of their families' interests in the Share Capital of the Company.

Report of the Directors

The Directors present their report and the Group accounts for the year ended 1 February 2004.

Results and Dividends

The Group profit on ordinary activities after tax amounted to £1,919,172 (2003: £2,111,845). After taking account of dividends the sum of £558,932 (2003: £659,205) is transferred to Reserves.

The Directors propose a final dividend on the Ordinary Shares of 80p (2003: 74p) per share making, with the interim dividend already paid, 145p (2003: 156p) per share for the year. The proposed dividend, if approved, will be paid on 10 June 2004.

Principal activities

The Company's principal activity is operating one of the leading department stores in Europe together with a growing number of smaller branches and it also derives income from other heritable properties.

Review of the business

World events at the beginning of 2003 created a degree of uncertainty in the market place which made our trading performance in the first half more volatile than predicted across all branches. Visitor numbers from the USA and the Far East were particularly badly affected and any recovery remains unclear.

Trade in the second half of the year was satisfactory at Edinburgh and Glasgow Airports. Loch Lomond Shores continued to develop its seasonal ranges of merchandise and expand its market locally. Princes Street was marginally below our expectations.

We achieved group turnover of £39.4m (2003: £39.2m) on the newly required restated basis to comply with a change in accounting standards. The gross profit was particularly affected by aggressive discounting by most high street retailers pre Christmas. This is a trend that is likely to continue for the foreseeable future.

Tight control of expenses ensured that we came well within our planned expenditure and below the previous year.

So far 2004/05 trade has been in line with expectation and we continue to invest in our stock management systems and to improve the merchandise offer to our customers. We are however concerned about the negative impact of the continued development of out of town shopping centres and Edinburgh Council's current plans to introduce congestion charging to the city centre from 2006.

As stated in the Interim Report we have rebalanced the ratio between the interim and final dividend to reflect the importance of trade in the second half of the year. The final dividend has increased to 80p (2003: 74p) and the total dividend is 145p (2003: 156p).

Since the year end Kenneth Grant, our Buying and Marketing Director, has resigned. The Directors would like to record their appreciation and thanks to him for the valuable contribution that he has made in his 20 year career in Jenners.

The Directors would again like to record their thanks to all the management and staff who have worked with skill and dedication over the past year.

Market value of land and buildings

In the opinion of the Directors, the value to the Group of its heritable properties is in excess of the amount shown in the Accounts.

Report of the Directors

Treasury and funding activities

Financial instruments

The Group's treasury activities are designed to provide suitable flexible funding arrangements to satisfy the Group's requirements. The Group uses financial instruments comprising principally cash, preference shares and items such as debtors and creditors that arise directly from its operations. The Group has no significant assets or liabilities denominated in foreign currencies. The main risk arising from the Group's financial instruments is interest rate risk. The Board reviews the policy of managing this risk which is summarised below. This policy remains unchanged from previous years.

Interest rate risk

It is the policy of the Group to invest cash resources in short term deposits earning a variable rate of interest. Significant financial liabilities during the year included cumulative preference share capital on which interest was payable at 10%.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the accounts.

Charitable and political contributions

During the year the Group made contributions of £8,008 for charitable purposes:

	£
Edinburgh Festival Society	6,202
Scottish Countryside Alliance	750
St Andrew & St George Church	640
Other	416
	8,008

Employee involvement

A Staff Council is well established with representatives from both Management and Staff. This combined council is effective in facilitating communications to and from all levels within the Company.

In addition meetings are held which are attended by all employees at which the Company's results for the past year and its aims for the coming year are analysed and discussed.

Disabled employees

It is Group policy to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Whenever possible, arrangements are made to continue the employment of persons who have become disabled during their service with the Group. Disablement need not be a barrier to the training, career development and promotion of disabled persons.

Report of the Directors

Directors and their interests

In accordance with the Articles of Association, Andrew G. Douglas Miller retires at this time, as does John Gaffney, who was appointed as Store Director on 1 February 2004. Both Directors being eligible, offer themselves for re-election.

John Gaffney has held a number of operational roles within the retail, perfumery and hotel industries. He joined the Company in August 2002 as General Manager of Princes Street and Edinburgh Airport stores and was appointed Store Director on 1 February 2004.

Kenneth Grant, Buying and Marketing Director, resigned on 28 April 2004. Andrew Douglas Miller will assume temporary responsibility for his duties.

No Director has a service contract of more than one year's duration.

The Directors serving throughout the year are listed on page 1.

According to the Register kept for this purpose, the interests of the Directors in the capital of the Company are as follows:-

	1 February 2004		*2 February 2003*	
	Ordinary shares	*10% Cum Pref shares*	*Ordinary shares*	*10% Cum Pref shares*
Beneficial:				
R.A.G. Douglas Miller	99,499	149,518	98,066	135,370
A.G. Douglas Miller	**66,751	21,102	*60,343	19,402
R.P. Douglas Miller	**64,861	1,700	*58,453	-
K.N. Grant	100	-	100	-
E.A. Barclay	-	-	-	-
J. Gaffney	-	-	-	-
A.A. Salem	-	-	-	-
Non-beneficial:				
R.A.G. Douglas Miller	**133,609	133,203	*140,882	147,904
R.P. Douglas Miller	-	-	-	27,189
A.G. Douglas Miller	20,156	26,858	20,156	26,858

Note:

* Included within each of these amounts is an interest in 6,503 shares, which is the total number of shares held in a trust. It is not possible to allocate the 6,503 shares between the individuals.

** Included within each of these amounts is an interest in 12,911 shares, which is the total number of shares held in a trust. It is not possible to allocate the 12,911 shares between the individuals.

No Director had any beneficial interest in any contract with the Company or its subsidiary Company during or at the end of the year.

Report of the Directors

Substantial shareholdings

Other than the Directors' shareholdings the following substantial shareholdings existed at 11 April 2004:

	Ordinary shares
The Trustees of the late Mr. A.M. Kennedy (Junior)	60,470
Miss C.M. Kennedy	50,232
Dr. C.R. Kennedy	50,391
Ms J.H. Kennedy	50,232
Dr. R.K.I. Kennedy	41,152
Mr. C. Lawrie	25,706
Mrs J.M. McArthur	43,861
Dr. I.M. Macmichael	25,314
Mr. E.J. Douglas Miller	51,948
Mrs E.L.J. Fisher	35,809

Except as stated above, the Company has not received notification that any person holds more than 3% of the issued ordinary share capital.

Auditors

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board

EBarclay

Elizabeth A. Barclay
Secretary

12 May 2004

Statement of Directors' responsibilities in relation to the financial statements

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 Group and of the profit or loss of the Group for that year. 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; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

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

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Independent auditors' report

to the members of Jenners Princes Street Edinburgh Limited

We have audited the group's financial statements for the year ended 1 February 2004 which comprise the Group Profit and Loss Account, Group Balance Sheet, Company Balance Sheet, Group Statement of Cash Flows, and the related notes 1 to 20. These financial statements have been prepared on the basis of 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

The Directors are responsible for preparing the Annual Report, including the financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards as set out in the Statement of Directors' Responsibilities in relation to the financial statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

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 Report of the Directors 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 or the Listing Rules regarding directors' remuneration and transactions with the group is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within it.

Basis of audit 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 group'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 affairs of the Company and of the Group as at 1 February 2004 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Edinburgh

12 May 2004

Group profit and loss account

for the year ended 1 February 2004

	Notes	*2004* £	*2003* £ *Restated*
Turnover	2	39,356,736	39,159,835
Cost of sales	2	(23,832,560)	(22,889,150)
Gross profit		15,524,176	16,270,685
Selling and administrative expenses		(13,979,322)	(14,454,183)
		1,544,854	1,816,502
Net rental income		895,943	780,118
Operating profit	3	2,440,797	2,596,620
Interest receivable on deposits		312,484	405,676
Interest payable	4	(80)	(45,442)
		312,404	360,234
Profit on ordinary activities before taxation	2	2,753,201	2,956,854
Tax on profit on ordinary activities	5	(834,029)	(845,009)
Profit attributable to members of the parent company of which £1,917,439 (2003: £2,109,637) has been dealt with in the accounts of the parent company		1,919,172	2,111,845
Dividends (including non-equity)	6	1,360,240	1,452,640
Profit transferred to reserves	14	558,932	659,205

Statement of recognised gains and losses

for the year ended 1 February 2004

There were no gains or losses other than the profit attributable to members of the parent company of £1,919,172 (2003: £2,111,845).

During the current year Financial Reporting Standard 5 Application Note G – Revenue Recognition has become mandatory and has been adopted by the group. As disclosed in Note 2, this has resulted in a reduction in Turnover and Cost of sales. This does not have an effect on reported profit.

Group balance sheet

at 1 February 2004

	Notes	1 February 2004 £	2 February 2003 £
Fixed assets			
Tangible fixed assets	7	14,907,367	15,448,231
Investments	8	45,000	45,000
		14,952,367	15,493,231
Current assets			
Stocks		6,055,990	6,277,130
Debtors	9	3,389,605	3,065,095
Cash at bank and in hand		11,024,035	10,104,656
		20,469,630	19,446,881
Creditors: amounts falling due within one year	10	5,723,626	5,650,673
Net current assets		14,746,004	13,796,208
Creditors: amounts falling due after more than one year	11	-	150,000
Total assets less current liabilities		29,698,371	29,139,439
Capital and reserves			
Called up share capital	13	2,262,400	2,262,400
Capital redemption reserve		21,578	21,578
Revenue reserves	14	27,414,393	26,855,461
		29,698,371	29,139,439
Shareholders' funds:			
Equity		28,275,971	27,717,039
Non-equity		1,422,400	1,422,400
Total	15	29,698,371	29,139,439

R. P. Douglas Miller
Managing Director

12 May 2004

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Company balance sheet

at 1 February 2004

	Notes	*1 February 2004* £	*2 February 2003* £
Fixed assets			
Tangible fixed assets	7	14,907,367	15,448,231
Investment in subsidiary undertaking	8	7,000	7,000
		14,914,367	15,455,231
Current assets			
Stocks		6,055,990	6,277,130
Debtors	9	3,280,974	2,948,007
Cash at bank and in hand		11,024,035	10,104,656
		20,360,999	19,329,793
Creditors: amounts falling due within one year	10	5,811,675	5,728,532
Net current assets		14,549,324	13,601,261
Creditors: amounts falling due after more than one year	11	-	150,000
Total assets less current liabilities		29,463,691	28,906,492
Capital and reserves			
Called up share capital	13	2,262,400	2,262,400
Capital redemption reserve		21,578	21,578
Revenue reserves	14	27,179,713	26,622,514
		29,463,691	28,906,492
Shareholders' funds:			
Equity		28,041,291	27,484,092
Non-equity		1,422,400	1,422,400
Total		29,463,691	28,906,492

R. P. Douglas Miller
Managing Director

12 May 2004

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Group statement of cash flows

for the year ended 1 February 2004

	Notes	1 February 2004 £	2 February 2003 £
Net cash inflow from operating activities	20a	3,705,929	3,622,485
Returns on investment and servicing of finance			
Interest paid		(10,919)	(55,632)
Interest received		283,086	444,525
Preference dividend paid		(142,240)	(142,240)
Net cash inflow from returns on investments and servicing of finance		129,927	246,653
Taxation			
UK Corporation tax paid		(710,019)	(1,246,027)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,046,858)	(6,433,516)
Receipts from sales of tangible fixed assets		8,000	3,834
		(1,038,858)	(6,429,682)
Equity dividends paid		(1,167,600)	(1,327,200)
Management of liquid resources	20b	1,000,000	6,100,000
Increase in cash	20b	1,919,379	966,229

Notes to the accounts

at 1 February 2004

1. Accounting policies

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. This year the accounts have been prepared to 1 February 2004 to align with internal reporting which is on a yearly basis.

The accounting policy for recognition of turnover has been amended in accordance with Financial Reporting Standard 5 Application Note G. Further details are provided at Note 2.

Basis of consolidation

The consolidated accounts include the accounts of Kennington Leasing Limited, a wholly-owned subsidiary undertaking, for the year to 1 February 2004. No profit and loss account is presented for the Company as provided by S.230 of the Companies Act 1985.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost of retail stocks is actual cost or is computed by reducing the selling price of stocks by the average departmental gross profit margins. Net realisable value is the expected sale proceeds in the ordinary course of business.

Depreciation

Depreciation is provided on fixed assets, other than freehold land, on a straight-line basis at the following rates, based on their estimated useful lives:

Fittings, furnishings and plant	5% to 33 1/3%
Computers	20% to 33 1/3%
Vehicles	25%
Freehold buildings	2%
Leasehold assets	Over the period of the lease

Where assets reside in leased premises, the assets are depreciated over the remaining lease period.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Group's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent years.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leasing commitments

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Notes to the accounts

at 1 February 2004

1. Accounting policies

(continued)

Pensions

A defined benefit pension scheme is operated by the Company and membership is available to the majority of the full-time and part-time employees. Contributions are charged to the profit and loss account on a basis that spreads the expected cost of providing pensions over the employees' working lives with the Company.

2. Turnover and group profit before taxation

Turnover relates to continuing activities. Turnover excluding VAT and concession shop sales, and Group profit on ordinary activities before taxation were contributed as follows: -

		2004		*2003*
	Turnover	*Profit*	*Turnover*	*Profit*
Area of activity:	*£*	*£*	*£*	*£*
Retailing	39,053,552	1,976,845	38,881,228	2,346,069
Other	303,184	776,356	278,607	610,785
	39,356,736	2,753,201	39,159,835	2,956,854

Retail throughput (including VAT and concession shop sales) amounted to £53,250,524 (2003: *£53,108,615). During the current year Financial Reporting Standard 5 Application Note G – Revenue* Recognition has become mandatory and has been adopted by the Group. This has resulted in a reduction in Turnover and Cost of sales as shown below. This does not have an effect on reported profit.

	2004	*2003*
	£	*£*
Retail Throughput	53,250,524	53,108,615
Less VAT	5,515,193	5,620,509
Turnover and concession sales	47,735,331	47,488,106
Adjustment for concession sales – Impact of applying FRS 5	8,378,595	8,328,271
Turnover	39,356,736	39,159,835

	2004	*2003*
	£	*£*
Cost of sales including cost of concession sales	32,211,155	31,217,421
Adjustment for concession sales – Impact of applying FRS 5	8,378,595	8,328,271
Cost of sales	23,832,560	22,889,150

Notes to the accounts

at 1 February 2004

3. Operating profit

a) This is stated after charging or (crediting):

	2004	*2003*
	£	*£*
Depreciation	1,348,606	1,273,906
Local rates	751,419	710,438
Gain on disposal of tangible fixed assets	(3,296)	(3,024)
Operating lease rentals - land and buildings	304,391	198,700

b) Auditors' remuneration:

	2004	*2003*
	£	*£*
- audit services (parent company £26,790; 2003 - £25,750)	28,040	27,000
- non-audit services	16,600	46,315

4. Interest payable

	2004	*2003*
	£	*£*
Bank overdraft	49	620
Other interest	31	44,822
	80	45,442

5. Taxation

	2004	*2003*
	£	*£*
UK corporation tax		
UK corporation tax on profits of the year	906,972	835,496
Adjustments in respect of previous years	21,766	41,641
Total current tax	928,738	877,137
Deferred tax		
Originating and reversing timing differences	(94,709)	(32,128)
	834,029	845,009

Notes to the accounts

at 1 February 2004

5. Taxation

(continued)

Factors affecting the tax charge for the year

The tax assessed for the year is different than the standard rate of corporation tax in the UK. The differences are explained below:

	2004	*2003*
	£	*£*
Profit on ordinary activities before tax	2,753,201	2,956,854
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 30% (2003: 30%)	825,960	887,056
Effect of:		
Disallowed expenses & non qualifying depreciation	86,332	113,707
Capital allowances in excess of depreciation	(60,582)	(157,053)
Short term timing differences	56,183	(6,800)
Adjustments in respect of prior years	21,766	41,641
Tax losses	-	66
Other	(921)	(1,480)
Current tax charge for the year	928,738	877,137

Factors that may affect future tax charges

Unrecognised deferred tax assets at 1 February 2004 are £ Nil (2003: £Nil).

6. Dividends

	2004	*2003*
	£	*£*
Non-Equity		
10% Cumulative Preference Shares	142,240	142,240
Equity		
Ordinary Shares		
Interim dividend of 65p (82p) per share	546,000	688,800
Proposed final dividend of 80p (74p) per share	672,000	621,600
	1,218,000	1,310,400
	1,360,240	1,452,640

Notes to the accounts

at 1 February 2004

7. Tangible fixed assets

Group and Company	*Freehold land and buildings*	*Long Leasehold Land*	*Fittings, furnishings plant, computers and vehicles*	*Total*
	£	£	£	£
Cost:				
At 2 February 2003	10,776,772	379,700	23,705,204	34,861,676
Additions	-	-	812,446	812,446
Disposals	-	-	(18,815)	(18,815)
At 1 February 2004	10,776,772	379,700	24,498,835	35,655,307
Depreciation:				
At 2 February 2003	2,527,705	972	16,884,768	19,413,445
Charge for the year	172,213	2,614	1,173,779	1,348,606
Disposals	-	-	(14,111)	(14,111)
At 1 February 2004	2,699,918	3,586	18,044,436	20,747,940
Net book value:				
At 1 February 2004	8,076,854	376,114	6,454,399	14,907,367
At 2 February 2003	8,249,067	378,728	6,820,436	15,448,231

8. Investments

Group	£
Cost and net book value at 1 February 2004 and 2 February 2003	45,000

This relates to a 15% investment in unlisted ordinary shares made by the subsidiary, Kennington Leasing Limited.

Company

Kennington Leasing Limited is a wholly owned subsidiary incorporated in Scotland. The activities of the subsidiary during the year were not material to the Group. The investment is stated at cost.

9. Debtors

	1 February 2004		*2 February 2003*	
	Group	*Company*	*Group*	*Company*
	£	£	£	£
Trade debtors	2,819,131	2,695,030	2,530,663	2,402,971
Other debtors	92,055	92,055	57,932	57,932
Prepayments and accrued income	362,757	361,450	455,547	450,437
Deferred tax (see note 12)	115,662	132,439	20,953	36,667
	3,389,605	3,280,974	3,065,095	2,948,007

Notes to the accounts

at 1 February 2004

10. Creditors: amounts falling due within one year

	1 February 2004		*2 February 2003*	
	Group	*Company*	*Group*	*Company*
	£	*£*	*£*	*£*
Trade creditors	1,990,406	1,989,347	1,755,412	1,755,305
Amount due to subsidiary undertaking	-	89,108	-	77,966
Current corporation tax	587,064	587,064	368,346	368,346
Other taxes & social security costs	1,375,503	1,375,503	1,262,840	1,262,840
Accruals	798,653	798,653	1,492,475	1,492,475
Proposed dividend	672,000	672,000	621,600	621,600
Other creditors	300,000	300,000	150,000	150,000
	5,723,626	5,811,675	5,650,673	5,728,532

Other Creditors relates to amounts payable on long leasehold land at the Loch Lomond Shores retail development.

11. Creditors: amounts falling due after more than one year

Group and Company	*2004*	*2003*
	£	*£*
Other creditors	-	150,000

Other creditors in 2003 relate to amounts payable on long leasehold land at the Loch Lomond Shores retail development.

12. Deferred taxation

Provision for deferred tax:

	1 February 2004		*2 February 2003*	
	Group	*Company*	*Group*	*Company*
	£	*£*	*£*	*£*
At 2 February 2003	(20,953)	(36,667)	11,175	-
Provided during the period	2,994	2,049	(32,128)	(36,667)
Adjustment in respect of prior periods	(97,703)	(97,821)	-	-
At 1 February 2004	(115,662)	(132,439)	(20,953)	(36,667)

Deferred taxation provided in the accounts is as follows:-

	1 February 2004		*2 February 2003*	
	Group	*Company*	*Group*	*Company*
	£	*£*	*£*	*£*
Accelerated capital allowances	48,945	32,169	50,558	34,782
Other timing differences	(164,607)	(164,608)	(71,511)	(71,449)
	(115,662)	(132,439)	(20,953)	(36,667)

Notes to the accounts

at 1 February 2004

13. Called up share capital

	1 February 2004 Authorised	1 February 2004 Allotted, called up and fully paid	2 February 2003 Authorised	2 February 2003 Allotted, called up and fully paid
	£	£	£	£
10% Cumulative Preference £1 shares	1,422,400	1,422,400	1,422,400	1,422,400
Ordinary £1 shares	840,000	840,000	840,000	840,000
Unclassified £1 shares	323,422	-	323,422	-
	2,585,822	2,262,400	2,585,822	2,262,400

The 10% Cumulative Preference £1 shares carry a dividend of 10% per annum payable on 1 February and 1 August. The dividend rights are cumulative.

On a winding-up of the Company the preference shareholders have a right to receive, in preference to payments to ordinary shareholders, £1 per share plus any accrued dividend.

The preference shareholders have a right to vote in circumstances where their rights may be varied or where the structure of the Company may be amended in such a way as may indirectly affect their rights.

14. Revenue reserves

	Group	Company
	£	£
At 2 February 2003	26,855,461	26,622,514
Retained profit for year	558,932	557,199
At 1 February 2004	27,414,393	27,179,713

15. Reconciliation of movements in shareholders' funds

	1 February 2004	2 February 2003
	£	£
Profit attributable to members of the parent company	1,919,172	2,111,845
Dividends	(1,360,240)	(1,452,640)
Net addition to shareholders' funds	558,932	659,205
Opening shareholders' funds	29,139,439	28,480,234
Closing shareholders' funds	29,698,371	29,139,439

Notes to the accounts

at 1 February 2004

16. Other financial commitments

a) Amounts contracted for but not provided in the accounts amounted to £126,000 (2003: £409,249) for the Group and Company.

b) Operating leases

Annual commitments under non-cancellable operating leases including minimum guaranteed airport unit rental are as follows:

Group and Company

	Land and Buildings			*Other*
	2004	*2003*	*2004*	*2003*
	£	*£*	*£*	*£*
Operating leases which expire:				
Within one year	76,034	-	1,532	-
In one to two years	123,779	197,814	3,972	2,529
In two to five years	131,304	-	31,596	23,124
	331,117	197,814	37,100	25,653

17. Directors' emoluments and staff costs

a) Directors' emoluments:

	2004	*2003*
	£	*£*
Total emoluments	486,866	456,464
Defined benefit contributory Company pension scheme: The number of Directors at the year end eligible for the pension scheme was as follows:	5	4

b) Highest paid Director:

	2004	*2003*
	£	*£*
Total emoluments	138,858	102,606

	2004	*2003*
	£	*£*
Accrued pension benefits as at 1 February 2004	22,948	25,458

c) Staff costs:

	2004	*2003*
	£	*£*
Wages and salaries	8,042,040	8,088,327
Social security costs	389,378	429,126
Other pension costs	442,006	566,995
	8,873,424	9,084,448

The average number of employees (including part-time and seasonal temporary employees) employed in the Group during the year was 770 (2003: 762).

Notes to the accounts

at 1 February 2004

18. Pension commitments

The group has continued to account for pensions in accordance with SSAP24 and the disclosures given in a) are those required by that standard. FRS17 Retirement Benefits was issued in November 2000 but is not yet mandatory for the Group and Company. Phased transitional disclosures are required. Those disclosures, to the extent not given in (a), are set out in (b).

a) The Company operates a defined benefit contributory pension scheme. The assets of the scheme are held in a separately administered fund.

The pension cost charge is determined in accordance with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method. The latest actuarial assessment was at 27 January 2002 using the following main assumptions:

Interest rate - pre-retirement	7.0% per annum
- post retirement	5.0% per annum
Increases to pensionable salaries	4.0% per annum
Increases to pensions in payment in excess of pre 1988 GMP	2.5% per annum

The market value of the scheme's assets at that date amounted to £15,602,000 and the actuarial value was sufficient to cover 103% of the benefits that had accrued to members after allowing for the effect of future increases in earnings.

Company contributions made to the scheme in the year were £387,102.

Following the latest valuation, Company funding will continue to be 11% of pensionable salaries.

b) FRS17 Retirement Benefits

The Company operates a defined benefit scheme in the UK. A full actuarial valuation was carried out at 27 January 2002 and updated to 1 February 2004 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

	1 February 2004	*2 February 2003*	*27 January 2002*
Increases to pensionable salaries	4.30%	3.90%	4.00%
Increases to pensions in payment	2.50%	2.40%	2.50%
Discount rate	5.47%	5.32%	5.75%
Inflation assumption	2.80%	2.40%	2.50%

Notes to the accounts

at 1 February 2004

18. Pension commitments

(continued)

The assets in the scheme and the expected rate of return were:

	Expected long-term rate of return 1 February 2004	*Value at 1 February 2004 £000*	*Expected long-term rate of return 2 February 2003*	*Value at 2 February 2003 £000*	*Expected long-term rate of return 27 January 2002*	*Value at 27 January 2002 £000*
Equities	7.90%	12,474	7.75%	9,397	8.00%	12,377
Government Bonds	4.90%	1,558	4.50%	1,803	4.75%	1,926
Property	6.90%	422	6.75%	386	7.00%	466
Cash	4.00%	834	4.00%	885	4.50%	1,243
Total market value of assets		15,288		12,471		16,012
Present value of scheme liabilities		18,928		17,724		15,804
Deficit in the scheme		(3,640)		(5,253)		208
Related deferred tax asset/(liability)		1,092		1,576		(62)
Net pension liability		(2,548)		(3,677)		146

If the above pension liability was recognised in the financial statements, the Group's net assets and profit and loss reserve would be as follows:

	1 February 2004 £000	*2 February 2003 £000*	*27 January 2002 £000*
Net assets excluding pension (liability)/asset	29,698	29,139	28,480
Net pension (liability)/asset	(2,548)	(3,677)	146
Net assets including net pension (liability)/asset	27,150	25,462	28,626

	1 February 2004 £000	*2 February 2003 £000*	*27 January 2002 £000*
Profit and loss reserve excluding pension (liability)/asset	27,414	26,855	26,196
Net pension (liability)/asset	(2,548)	(3,677)	146
Profit and loss reserve including net pension (liability)/asset	24,866	23,178	26,342

Notes to the accounts

at 1 February 2004

18. Pension commitments

(continued)

The defined benefit cost that there would have been on an FRS 17 basis is analysed as follows:-

	1 February 2004 £000	*2 February 2003 £000*
Current service cost	488	692
Past service cost	-	-
Total operating charge	488	692

	1 February 2004 £000	*2 February 2003 £000*
Expected return of pension scheme assets	809	1,099
Interest on pension liabilities	(944)	(918)
Net finance (cost)/return	(135)	181

	1 February 2004 £000	*2 February 2003 £000*
Actual return less expected return on assets	1,982	(4,802)
Experience gains and losses on liabilities	71	30
Changes in assumptions	(304)	(675)
Actuarial loss recognised in Statement of Total Recognised Gains and Losses (STRGL)	1,749	(5,447)

Movement in surplus during the year

	1 February 2004 £000	*2 February 2003 £000*
Surplus in scheme at beginning of the year	(5,253)	208
Movement in year:		
Current service cost	(488)	(692)
Contributions	487	497
Net return on assets	(135)	181
Actuarial gain/(loss)	1,749	(5,447)
Deficit in scheme at end of the year	(3,640)	(5,253)

Notes to the accounts

at 1 February 2004

18. Pension commitments

(continued)

History of experience gains and losses

	1 February 2004 £000	*2 February 2003 £000*
Difference between the expected and actual return on scheme assets	1,982	(4,802)
Percentage of scheme assets	13.0%	38.5%
Experience gains and losses on scheme deficit	71	30
Percentage of the present value of the scheme liabilities	0.4%	0.2%
Total amount recognised in Statement of Total Recognised Gains and Losses	1,749	(5,447)
Percentage of the present value of the scheme liabilities	9.2%	30.7%

19. Financial risk management

The Group's objectives and policies for the role of financial instruments can be found on page 3. Investments, short term debtors and creditors (see notes 8,9 and 10) have been excluded from the disclosures which follow as permitted under FRS13. The investment has been excluded as it is not considered to be significant.

Interest rate risk

Cash in sterling held at the year end was invested in bank deposits earning interest at floating money market rates. Preference shares in issue at the year end are at a fixed rate of 10%. There is no redemption date on the preference shares. Interest was payable last year on the value of construction of the Loch Lomond Shores retail development at 1.5% above base rate. No interest is payable on amounts relating to the long leasehold land at the Loch Lomond Shores development.

Fair values

	Book value 1 February 2004 £	*Book value 2 February 2003 £*	*Fair value 1 February 2004 £*	*Fair value 2 February 2003 £*
Creditors over 1 year	-	150,000	-	150,000
Preference shares	1,422,400	1,422,400	2,076,704	1,706,880

The market value of preference shares has been used to determine their fair value.

There are no material differences between the book values of other financial instruments and their fair value.

Notes to the accounts

at 1 February 2004

20. Notes to the statement of cash flows

a) Reconciliation of operating profit to net cash inflow from operating activities:

	1 February 2004 £	*2 February 2003* £
Operating profit	2,440,797	2,596,620
Depreciation of tangible fixed assets	1,348,606	1,273,906
Gain on disposal of tangible fixed assets	(3,296)	(3,024)
Decrease/(increase) in stocks	221,140	(455,474)
(Increase)/decrease in operating debtors and prepayments	(221,878)	514,579
Decrease in operating creditors and accruals	(79,440)	(304,122)
Net cash inflow from operating activities	3,705,929	3,622,485

b) Analysis of changes in net funds

	2 February 2003 £	*Cash flow* £	*1 February 2004* £
Cash at bank and in hand	3,104,656	1,919,379	5,024,035
Short term deposits	7,000,000	(1,000,000)	6,000,000
Net funds	10,104,656	919,379	11,024,035

Short term deposits are included in cash at bank and in hand in the balance sheet.