

Registration number SC026803



Gillies of Broughty Ferry Limited

Directors' report and financial statements

for the year ended 31 August 2004



Gillies of Broughty Ferry Limited

Company information

Directors
I.R.G. Philp
A.D. Philp
S.M. Philp
J.D.K. Philp
M. Wells
E.M.F. Mahady

Secretary Mrs Elizabeth MF Mahady

Company number SC026803

Registered office
172-180 Brook Street
Broughty Ferry
Dundee
DD5 2AJ

Auditors
Findlay & Company
11 Dudhope Terrace
Dundee
DD3 6TS

Business addresses	172-180 Brook Street Broughty Ferry Dundee DD5 2AJ	174 - 188 Holburn Street Aberdeen AB10 6DA	26 - 34 George Street Perth PH1 5JP
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Bankers
The Royal Bank of Scotland plc.
288 Brook Street
Broughty Ferry
Dundee
DD5 2AP

Solicitors
Blackadders
Solicitors
30-34 Reform Street
Dunnde
DD1 1RJ



Gillies of Broughty Ferry Limited

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Gillies of Broughty Ferry Limited

Directors' report for the year ended 31 August 2004

The directors present their report and the financial statements for the year ended 31 August 2004.

Principal activity and review of the business

The principal activity of the company during the period was the retailing of house furnishings.

The year to 31 August 2004, was once again a successful one for the company. The company's store in Aberdeen has traded very well and ahead of expectations. The Perth store was only open on a very small scale during much of the year, however the new store opened in June 2004, and has been an excellent addition to the Gillies brand. Early indications are that the store will be a very successful and profitable addition.

The company's results for the year showed that even with only very marginal trading in Perth the turnover increased to more than £13 million. Profit before tax was over £1.5 million as opposed to £2 million last year.

2003 figures were distorted by a write off of negative goodwill which accounted for approximately £0.8 million of this profit. After this is adjusted, both income and profit are up by almost 30%.

Results and dividends

The results for the year are set out on page 5.

The directors have paid an interim dividend amounting to £9,688 and they recommend payment of a final dividend amounting to £19,375.

Future developments

It is the company's intention to continue to grow the existing business through careful management and to undertake a project of examining overheads in an effort to streamline the cost base of the business. The directors are also keen to explore any opportunity which may arise to expand the business or complement or improve the current trade.

The company intends to refurbish the Broughty Ferry store during the year to 31 August 2005. It is also the company's intention to add to their warehousing space, to enable the company to cope with the trade from three large shops, and to enable them to plan for future expansion.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	31/08/04	01/09/03
I.R.G. Philp	1,313	1,283
A.D. Philp	1,313	1,283
S.M. Philp	3,510	3,600
J.D.K. Philp	300	300
M. Wells	-	-
E.M.F. Mahady	-	-

Gillies of Broughty Ferry Limited

Directors' report for the year ended 31 August 2004

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Findlay & Company be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 27 April 2005 and signed on its behalf by



Mrs Elizabeth MF Mahady
Secretary

Gillies of Broughty Ferry Limited

Independent auditors' report to the shareholders of Gillies of Broughty Ferry Limited

We have audited the financial statements of Gillies of Broughty Ferry Limited for the year ended 31 August 2004 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 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 with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements 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 company's circumstances, consistently applied and adequately disclosed.

We planned 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.

Gillies of Broughty Ferry Limited

Independent auditors' report to the shareholders of Gillies of Broughty Ferry Limited continued

Qualified Opinion Arising from Accounting Treatment of Pension Contributions

As stated in Note 19 to the accounts, the company has not complied with the requirements of Financial Reporting Standard 17, Retirement Benefits to obtain an actuarial valuation updated to the balance sheet date.

With the exception of the above, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Findlay & Company
Chartered Accountants and
Registered auditors
11 Dudhope Terrace
Dundee
DD3 6TS

27 April 2005

Gillies of Broughty Ferry Limited

**Profit and loss account
for the year ended 31 August 2004**

		Continuing operations	
	Notes	2004 £	2003 £
Turnover	2	13,158,503	10,412,474
Cost of sales		(7,350,493)	(5,859,525)
Gross profit		5,808,010	4,552,949
Administrative expenses		(4,506,343)	(2,672,656)
Other operating income		64,633	58,761
Operating profit	3	1,366,300	1,939,054
Other interest receivable and similar income	5	45,267	88,480
Amount written off investments	4	-	(20,000)
Profit on ordinary activities before taxation		1,411,567	2,007,534
Tax on profit on ordinary activities	7	(290,048)	(307,047)
Profit on ordinary activities after taxation		1,121,519	1,700,487
Dividends	8	(29,063)	(40,365)
Retained profit for the year		1,092,456	1,660,122
Retained profit brought forward		5,846,144	4,186,022
Retained profit carried forward		6,938,600	5,846,144
Statement of total recognised gains and losses			
Profit on ordinary activities after taxation		1,121,519	1,700,487
Unrealised movement on revaluation of investment property		-	34,855
Total recognised gains relating to the year		1,121,519	1,735,342

The notes on pages 8 to 19 form an integral part of these financial statements.

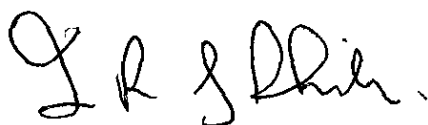
Gillies of Broughty Ferry Limited

**Balance sheet
as at 31 August 2004**

		2004		2003	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		7,329,768		5,835,809
Investments	10		341,019		341,019
			<u>7,670,787</u>		<u>6,176,828</u>
Current assets					
Stocks	11	1,888,194		1,652,200	
Debtors	12	165,142		168,287	
Cash at bank and in hand		984,349		1,360,770	
		<u>3,037,685</u>		<u>3,181,257</u>	
Creditors: amounts falling due within one year	13	<u>(3,303,332)</u>		<u>(3,045,404)</u>	
Net current (liabilities)/assets			<u>(265,647)</u>		<u>135,853</u>
Total assets less current liabilities			7,405,140		6,312,681
Provisions for liabilities and charges	14		<u>(37,700)</u>		<u>(37,697)</u>
Net assets			<u>7,367,440</u>		<u>6,274,984</u>
Capital and reserves					
Called up share capital	16		7,750		7,750
Other reserves	17		421,090		421,090
Profit and loss account	17		6,938,600		5,846,144
Shareholders' funds	18		<u>7,367,440</u>		<u>6,274,984</u>

The financial statements were approved by the Board on 27 April 2005 and signed on its behalf by

I.R.G. Philp
Director



The notes on pages 8 to 19 form an integral part of these financial statements.

Gillies of Broughty Ferry Limited

**Cash flow statement
for the year ended 31 August 2004**

	Notes	2004 £	2003 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		1,366,300	1,939,054
Depreciation and amortisation		247,578	(759,742)
(Increase) in stocks		(235,994)	(464,572)
Decrease in debtors		3,145	(32,277)
Increase in creditors		187,931	597,260
Net cash inflow from operating activities		<u>1,568,960</u>	<u>1,279,723</u>
Cash flow statement			
Net cash inflow from operating activities		1,568,960	1,279,723
Returns on investments and servicing of finance	22	45,267	88,480
Taxation	22	(220,048)	(410,209)
Capital expenditure	22	(1,741,537)	(2,375,680)
Acquisitions and disposals	22	-	887,327
		<u>(347,358)</u>	<u>(530,359)</u>
Equity dividends paid		(29,063)	(20,990)
Decrease in cash in the year		<u>(376,421)</u>	<u>(551,349)</u>
Reconciliation of net cash flow to movement in net debt (Note 23)			
Decrease in cash in the year		(376,421)	(551,349)
Net funds at 1 September 2003		<u>1,360,770</u>	<u>1,912,119</u>
Net funds at 31 August 2004		<u>984,349</u>	<u>1,360,770</u>

Gillies of Broughty Ferry Limited

Notes to the financial statements for the year ended 31 August 2004

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	2.5% reducing balance method
Fixtures, fittings and equipment	-	15-33% reducing balance method
Motor vehicles	-	25% reducing balance method

1.4. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5. Stock

Stock is valued at the lower of cost and net realisable value.

1.6. Pensions

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings.

Gillies of Broughty Ferry Limited

Notes to the financial statements for the year ended 31 August 2004

..... continued

1.7. 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

1.8. Group accounts

The company is entitled to the exemption under Section 248 of the Companies Act 1985 from the obligation to prepare group accounts.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

	2004 £	2003 £
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	242,715	156,726
Loss / (Gain) on disposal of tangible fixed assets	4,863	(123,570)
Auditors' remuneration	18,425	12,050
and after crediting:		
Amortisation of negative goodwill	-	792,898

Gillies of Broughty Ferry Limited

**Notes to the financial statements
for the year ended 31 August 2004**

..... continued

4. Amounts written off investments	2004	2003
	£	£
Amounts written off fixed asset investments:		
- permanent diminution in value	-	20,000
	<u> </u>	<u> </u>
 5. Interest receivable and similar income	 2004	 2003
	£	£
Bank interest	44,825	88,480
Other interest	442	-
	<u> </u>	<u> </u>
	<u>45,267</u>	<u>88,480</u>
 6. Employees		
Number of employees	2004	2003
The average monthly numbers of employees (including the directors) during the year were:		
Sales and Distribution	112	99
Office and Management	24	21
	<u> </u>	<u> </u>
	<u>136</u>	<u>120</u>
 Employment costs	 2004	 2003
	£	£
Wages and salaries	2,510,201	2,012,632
Social security costs	52,844	54,880
Other pension costs	170,336	133,867
	<u> </u>	<u> </u>
	<u>2,733,381</u>	<u>2,201,379</u>

Gillies of Broughty Ferry Limited

**Notes to the financial statements
for the year ended 31 August 2004**

..... continued

6.1. Directors' emoluments	2004	2003
	£	£
Remuneration and other emoluments	<u>454,187</u>	<u>455,825</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a defined benefit scheme	<u>4</u>	<u>4</u>
Highest paid director	£	£
Amounts included above:		
Emoluments and other benefits	152,590	137,391
Pension contributions	<u>16,939</u>	<u>15,515</u>
	<u>169,529</u>	<u>152,906</u>

Gillies of Broughty Ferry Limited

Notes to the financial statements for the year ended 31 August 2004

..... continued

7. Tax on profit on ordinary activities

Analysis of charge in period	2004 £	2003 £
Current tax		
UK corporation tax	360,000	289,803
Adjustments in respect of previous periods	(69,952)	-
	<u>290,048</u>	<u>289,803</u>
Total current tax charge	<u>290,048</u>	<u>289,803</u>
Deferred tax		
Timing differences, origination and reversal	-	17,244
Total deferred tax	<u>-</u>	<u>17,244</u>
Tax on profit on ordinary activities	<u><u>290,048</u></u>	<u><u>307,047</u></u>

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (29 per cent). The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before taxation	<u>1,411,567</u>	<u>2,007,534</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 29% (31 August 2003 : 30%)	410,479	602,260
Effects of:		
Items not included in taxable profit (Negative Goodwill Amortisation)	-	(237,869)
Capital allowances for period in (excess of)/less than depreciation	(56,104)	(74,588)
Adjustments to tax charge in respect of previous periods	(69,952)	-
Adjustment for non capital items	(28,086)	-
Permanent timing differences	33,711	-
Current tax charge for period	<u><u>290,048</u></u>	<u><u>289,803</u></u>

Gillies of Broughty Ferry Limited

**Notes to the financial statements
for the year ended 31 August 2004**

..... continued

8. Dividends			2004	2003
			£	£
Dividends on equity shares:				
Ordinary shares - interim paid			9,688	20,990
Ordinary shares - final proposed			19,375	19,375
			<u>29,063</u>	<u>40,365</u>
9. Tangible fixed assets				
	Land and buildings freehold	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 September 2003	5,798,390	464,684	434,164	6,697,238
Additions	1,522,555	35,516	199,859	1,757,930
Disposals	-	-	(91,145)	(91,145)
At 31 August 2004	<u>7,320,945</u>	<u>500,200</u>	<u>542,878</u>	<u>8,364,023</u>
Depreciation				
At 1 September 2003	422,408	241,145	197,876	861,429
On disposals	-	-	(69,889)	(69,889)
Charge for the year	122,183	48,010	72,522	242,715
At 31 August 2004	<u>544,591</u>	<u>289,155</u>	<u>200,509</u>	<u>1,034,255</u>
Net book values				
At 31 August 2004	<u>6,776,354</u>	<u>211,045</u>	<u>342,369</u>	<u>7,329,768</u>
At 31 August 2003	<u>5,375,982</u>	<u>223,539</u>	<u>236,288</u>	<u>5,835,809</u>

Assets hived up from the companies subsidiary undertaking were transferred at net book value. This was deemed to be a fair value for the assets acquired.

Gillies of Broughty Ferry Limited

**Notes to the financial statements
for the year ended 31 August 2004**

..... continued

10. Fixed asset investments	Subsidiary undertakings shares £	Investment properties £	Total £
Cost/revaluation			
At 1 September 2003			
At 31 August 2004	2	341,017	341,019
Net book values			
At 31 August 2004	2	341,017	341,019
At 31 August 2003	2	341,017	341,019

The directors have valued the investment properties on an open market basis at the balance sheet date. This valuation is not materially different from the original cost and as such has not been incorporated into the financial statements.

10.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Nature of business	Shares held class	Proportion of shares held
Subsidiary undertaking				
Camerons of Perth Limited	Scotland	Non trading	Ordinary	100%
Scandinavian Interiors Limited	Scotland	Non Trading	Ordinary	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves £	Profit for the year £
Camerons of Perth Limited	10	-
Scandinavian Interiors Limited	(209)	-

11. Stocks	2004 £	2003 £
Goods for resale	1,888,194	1,652,200

Gillies of Broughty Ferry Limited

**Notes to the financial statements
for the year ended 31 August 2004**

..... continued

12. Debtors	2004	2003
	£	£
Trade debtors	161,829	168,123
Amounts owed by group undertakings	164	164
Other debtors	3,149	-
	<u>165,142</u>	<u>168,287</u>
13. Creditors: amounts falling due within one year	2004	2003
	£	£
Trade creditors	2,116,082	1,755,925
Corporation tax	360,000	290,000
Other taxes and social security costs	147,144	111,965
Directors' accounts	108,787	160,883
Other creditors	282,010	282,000
Accruals and deferred income	269,934	425,256
Proposed dividend	19,375	19,375
	<u>3,303,332</u>	<u>3,045,404</u>
14. Provisions for liabilities and charges	Deferred taxation (Note 15)	Total
	£	£
At 1 September 2003	37,700	37,700
At 31 August 2004	<u>37,700</u>	<u>37,700</u>

Gillies of Broughty Ferry Limited

**Notes to the financial statements
for the year ended 31 August 2004**

..... continued

15. Provision for deferred taxation	2004 £	2003 £
Accelerated capital allowances	<u>37,700</u>	<u>37,700</u>
Provision at 1 September 2003	<u>37,700</u>	
Provision at 31 August 2004	<u>37,700</u>	

No Deferred Taxation has been calculated on the revaluation of Investment Property. This is not a timing difference, and there is no commitment to sell any of the properties.

16. Share capital	2004 £	2003 £
Authorised 10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid 7,750 Ordinary shares of £1 each	<u>7,750</u>	<u>7,750</u>

17. Equity Reserves	Profit and loss account £	Capital redemption reserve £	Negative Goodwill reserve £	Investment property reserve £	Total £
At 1 September 2003	5,846,144	2,250	383,985	34,855	6,267,234
Retained profit for the year	<u>1,092,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,092,456</u>
At 31 August 2004	<u>6,938,600</u>	<u>2,250</u>	<u>383,985</u>	<u>34,855</u>	<u>7,359,690</u>

Gillies of Broughty Ferry Limited

**Notes to the financial statements
for the year ended 31 August 2004**

..... continued

18. Reconciliation of movements in shareholders' funds	2004 £	2003 £
Profit for the year	1,121,519	1,700,487
Dividends	(29,063)	(40,365)
	<u>1,092,456</u>	<u>1,660,122</u>
Other recognised gains or losses	-	418,840
Net addition to shareholders' funds	1,092,456	2,078,962
Opening shareholders' funds	6,274,984	4,196,022
Closing shareholders' funds	<u>7,367,440</u>	<u>6,274,984</u>

19. Pension cost note - To update

The company provides pension arrangements to the directors and some of the full-time employees through a defined benefits scheme and the related costs are assessed in accordance with the advice of professionally qualified actuaries.

The most recent full actuarial valuation of the scheme was obtained as at 1 April 2004. The main findings at that time showed that there was a deficit on the scheme of £1,196,000.

The actuaries recommended that the contributions be increased to a combined rate of 27.6%. This was recommended to be put in place from 1 October 2004. The company has subsequently increased its rate of contribution, in accordance with actuarial recommendations.

The directors did not update the valuation of the pension scheme in line with FRS 17 at 31 August 2004. The directors considered that the cost of obtaining such information was an unnecessary drain on the funds of the pension scheme.

The defined benefit scheme referred to above is now closed to new members. From 1998 the company has also operated a defined contributions scheme for employees who do not participate in the main scheme.

Gillies of Broughty Ferry Limited

Notes to the financial statements for the year ended 31 August 2004

..... continued

20. Capital commitments	2004	2003
	£	£
Details of capital commitments at the accounting date are as follows:		
Contracted for but not provided in the financial statements	-	1,603,885

Although there are plans for capital works to be carried out during the coming year, nothing has been contracted for at the year end, which was not already provided for within the year end accounts.

21. Controlling interest

The company is controlled by the Philp family. The family own 100% of the issued share capital. No individual has overall control of the company.

22. Gross cash flows

	2004	2003
	£	£
Returns on investments and servicing of finance		
Interest received	45,267	88,480
Taxation		
Corporation tax paid	(220,048)	(410,209)
Capital expenditure		
Payments to acquire intangible assets	-	(10)
Payments to acquire tangible assets	(1,757,930)	(2,516,571)
Receipts from sales of tangible assets	16,393	140,901
	(1,741,537)	(2,375,680)
Acquisitions and disposals		
Cash acquired with Subsidiary	-	887,327

Gillies of Broughty Ferry Limited

**Notes to the financial statements
for the year ended 31 August 2004**

..... continued

23. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	1,360,770	(376,421)	984,349
Net funds	<u>1,360,770</u>	<u>(376,421)</u>	<u>984,349</u>