

Registration number 30736

W Eaden Lilley & Co Limited
Directors' Report And Financial Statements
For The 52 Weeks Ended 29 January 2005



Chartered Accountants
Business Advisors

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Griffin Chapman
For the personal approach

W Eaden Lilley & Co Limited

Company information

Directors	W E Lilley P E Richards
Secretary	P E Richards
Company number	30736
Registered office	Blackburn House 32a Crouch Street Colchester Essex CO3 3HH
Auditors	Griffin Chapman Blackburn House 32a Crouch Street Colchester Essex CO3 3HH
Bankers	Barclays Bank Plc Cambridge

W Eaden Lilley & Co Limited

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W Eaden Lilley & Co Limited

**Directors' report
for the 52 weeks ended 29 January 2005**

The directors present their report and the financial statements for the 52 weeks ended 29 January 2005.

Principal activity

The principal activity of the company continued to be the operation of department stores.

Directors and their interests

The directors who served during the 52 weeks and their interests in the company are as stated below:

		Company Ordinary shares		Holding Company Ordinary shares	
		29/01/05	01/02/04 or date of appointment	29/01/05	01/02/04 or date of appointment
W E Lilley	- beneficial	-	-	1,800	1,800
	- non-beneficial	-	-	620	620
P E Richards		-	-	-	-

The following director being eligible offers himself for re-election at the forthcoming Annual General Meeting, W E Lilley.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial 52 weeks 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 52 weeks. 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 Griffin Chapman be reappointed as auditors of the company will be put to the Annual General Meeting.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on *28th November, 2005*. and signed on its behalf by

P. E. Richards

**P E Richards
Secretary**

W Eaden Lilley & Co Limited

Independent auditors' report to the board of directors of W Eaden Lilley & Co Limited

We have audited the financial statements of W Eaden Lilley & Co Limited for the 52 weeks ended 29 January 2005 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's board of directors, 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 board of directors 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 board of directors 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.

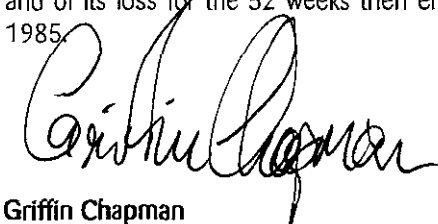
Basis of audit opinion

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 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 29 January 2005 and of its loss for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



Griffin Chapman
Chartered Accountants and
Registered auditors

Blackburn House
32a Crouch Street
Colchester
Essex
CO3 3HH

29/1/2005

W Eaden Lilley & Co Limited

Profit and loss account
for the 52 weeks ended 29 January 2005

		52 weeks ended 29/01/05	52 weeks ended 31/01/04
	Notes	£	£
Turnover	2	3,018,737	2,316,024
Cost of sales		(1,975,650)	(1,555,972)
Gross profit		1,043,087	760,052
Administrative expenses		(1,077,739)	(843,389)
Operating loss	3	(34,652)	(83,337)
Other interest receivable and similar income		2,357	1,880
Amount written off investments	4	-	(100)
Interest payable and similar charges		(26,449)	(5,712)
Loss on ordinary activities before taxation		(58,744)	(87,269)
Tax on loss on ordinary activities		-	-
Loss on ordinary activities after taxation		(58,744)	(87,269)
Loss for the 52 weeks		(58,744)	(87,269)
Retained profit brought forward		1,188,642	1,275,911
Retained profit carried forward		1,129,898	1,188,642

The notes on pages 5 to 16 form an integral part of these financial statements.

W Eaden Lilley & Co Limited

Balance sheet
as at 29 January 2005

	Notes	29/01/05		31/01/04	
		£	£	£	£
Fixed assets					
Tangible assets	8		1,207,257		1,156,434
Investments	9		11,940		11,940
			<u>1,219,197</u>		<u>1,168,374</u>
Current assets					
Stocks	10	736,810		584,920	
Debtors	11	187,177		156,048	
Cash at bank and in hand		3,299		3,259	
			<u>927,286</u>	<u>744,227</u>	
Creditors: amounts falling due within one year	12	(876,792)		(623,959)	
Net current assets			<u>50,494</u>		<u>120,268</u>
Total assets less current liabilities			1,269,691		1,288,642
Creditors: amounts falling due after more than one year	13		(39,793)		-
Net assets			<u>1,229,898</u>		<u>1,288,642</u>
Capital and reserves					
Called up share capital	14		24,200		24,200
Other reserves	15		75,800		75,800
Profit and loss account	15		1,129,898		1,188,642
Shareholders' funds			<u>1,229,898</u>		<u>1,288,642</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on *28th November, 2005* and signed on its behalf by



W E Lilley
Director

The notes on pages 5 to 16 form an integral part of these financial statements.

W Eaden Lilley & Co Limited

**Notes to the financial statements
for the 52 weeks ended 29 January 2005**

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2. Turnover

Turnover consists of the retail value (excluding VAT) for goods and services supplied to third parties.

1.3. Tangible fixed assets and depreciation

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

Leasehold properties	-	Straight line over the life of the lease
Plant and fittings	-	5 - 25 years

Depreciation commences in the year following addition.

1.4. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5. Investments

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

1.6. Stock

Stocks are stated at the lower of cost and net realisable value. Cost is computed by deducting the gross profit margin from the selling value of stock.

1.7. Pensions

The company pension scheme prior to 6 April 1997 was contracted out final salary scheme which was wound down in the year to 30 January 1999. Contributions were based on actuarial advice and charged against profits as incurred.

With effect from 6 April 1997, the company pension scheme is a money purchase scheme originally constituted as contracted out but with effect from 6 April 1999 contracted in. Contributions are charged against profits as they become payable in accordance with the rules of the scheme.

During the period ended 29 January 2000, a decision was made to wind down the pension scheme and this is being implemented.

W Eaden Lilley & Co Limited

Notes to the financial statements for the 52 weeks ended 29 January 2005

1.8. 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.

1.9. 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 52 weeks has been derived from its principal activity wholly undertaken in the UK.

	52 weeks ended 29/01/05 £	52 weeks ended 31/01/04 £
Total sales excluding VAT	5,116,442	3,132,545
Less: Sales of leased departments excluding VAT	1,741,993	1,028,910
Sales of our own merchandise and services excluding VAT	3,374,449	2,103,635
Rental from leased departments based on their sales	355,712	212,389
	<u>3,018,737</u>	<u>2,316,024</u>

W Eaden Lilley & Co Limited

Notes to the financial statements
for the 52 weeks ended 29 January 2005

	52 weeks ended 29/01/05 £	52 weeks ended 31/01/04 £
3. Operating loss		
Operating loss is stated after charging:		
Depreciation and other amounts written off tangible assets	108,064	55,637
Loss on disposal of tangible fixed assets	1,188	10,274
Operating lease rentals		
- Plant and fittings	6,787	7,455
- Leasehold properties	266,826	228,917
Auditors' remuneration	7,500	7,000
	<u> </u>	<u> </u>
4. Amounts written off investments	52 weeks ended 29/01/05 £	52 weeks ended 31/01/04 £
Amounts written off investments in prior years written back:		
- fixed assets	-	100
	<u> </u>	<u> </u>
5. Directors' emoluments		
	52 weeks ended 29/01/05 £	52 weeks ended 31/01/04 £
Remuneration and other benefits	96,226	95,940
	<u> </u>	<u> </u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	2	2
	<u> </u>	<u> </u>
6. Pension costs		

The company operates a defined contribution pension scheme (group personal pension plan) in respect of the employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £7,408 (2004 - £7,325).

W Eaden Lilley & Co Limited

Notes to the financial statements
for the 52 weeks ended 29 January 2005

7. Intangible fixed assets

	Goodwill £	Total £
Cost		
At 1 February 2004	222,180	222,180
At 29 January 2005	<u>222,180</u>	<u>222,180</u>
Provision for diminution in value		
At 1 February 2004	222,180	222,180
Charge for 52 weeks	-	-
At 29 January 2005	<u>222,180</u>	<u>222,180</u>
Net book values		
At 29 January 2005	<u>-</u>	<u>-</u>
At 31 January 2004	<u>-</u>	<u>-</u>

The goodwill was the excess of consideration over separate value of assets acquired on the purchase of 'Douglas of Shelford' in August 1988.

8. Tangible fixed assets

	Short leasehold property £	Long leasehold property £	Plant and fittings £	Total £
Cost				
At 1 February 2004	529,165	596,979	716,284	1,842,428
Additions	9,627	-	150,448	160,075
Disposals	-	-	(27,064)	(27,064)
At 29 January 2005	<u>538,792</u>	<u>596,979</u>	<u>839,668</u>	<u>1,975,439</u>
Depreciation				
At 1 February 2004	182,230	114,577	389,187	685,994
On disposals	-	-	(25,876)	(25,876)
Charge for the 52 weeks	22,419	6,030	79,615	108,064
At 29 January 2005	<u>204,649</u>	<u>120,607</u>	<u>442,926</u>	<u>768,182</u>
Net book values				
At 29 January 2005	<u>334,143</u>	<u>476,372</u>	<u>396,742</u>	<u>1,207,257</u>
At 31 January 2004	<u>346,935</u>	<u>482,402</u>	<u>327,097</u>	<u>1,156,434</u>

W Eaden Lilley & Co Limited

Notes to the financial statements
for the 52 weeks ended 29 January 2005

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	29/01/05		29/01/04	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Plant and fittings	86,821	-	-	-
9. Fixed asset investments				
		Subsidiary undertakings shares £	Other unlisted investments £	Total £
Cost				
At 1 February 2004				
At 29 January 2005		100	11,940	12,040
Provisions for diminution in value:				
At 1 February 2004				
At 29 January 2005		100	-	100
Net book values				
At 29 January 2005		-	11,940	11,940
At 31 January 2004		-	11,940	11,940
10. Stocks			29/01/05 £	31/01/04 £
Goods for sale			688,740	548,962
Other stock			48,070	35,958
			<u>736,810</u>	<u>584,920</u>

W Eaden Lilley & Co Limited

Notes to the financial statements
for the 52 weeks ended 29 January 2005

11. Debtors	29/01/05 £	31/01/04 £
Trade debtors	56,233	40,597
Amounts owed by group undertakings	16,095	16,562
Other debtors	410	17,481
Prepayments and accrued income	114,439	81,408
	<u>187,177</u>	<u>156,048</u>
12. Creditors: amounts falling due within one year	29/01/05 £	31/01/04 £
Bank overdraft	417,265	299,251
Net obligations under finance leases and hire purchase contracts	43,410	-
Trade creditors	220,445	217,870
Other taxes and social security costs	82,876	12,580
Other creditors	8,514	24,230
Accruals and deferred income	104,282	70,028
	<u>876,792</u>	<u>623,959</u>
<p>The company's overdraft is secured by way of a charge over the long leasehold property (Note 8) dated 11 December 2003 and a debenture dated 23 September 2003.</p>		
13. Creditors: amounts falling due after more than one year	29/01/05 £	31/01/04 £
Net obligations under finance leases and hire purchase contracts	<u>39,793</u>	<u>-</u>
14. Share capital	29/01/05 £	31/01/04 £
Authorised		
20,000 Ordinary shares of £10 each	<u>200,000</u>	<u>200,000</u>
Allotted, called up and fully paid		
2,420 Ordinary shares of £10 each	<u>24,200</u>	<u>24,200</u>

W Eaden Lilley & Co Limited

**Notes to the financial statements
for the 52 weeks ended 29 January 2005**

15. Reserves	Profit and loss account £	Capital redemption reserve £	Total £
At 1 February 2004	1,188,642	75,800	1,264,442
Loss for the 52 weeks	(58,744)		(58,744)
At 29 January 2005	<u>1,129,898</u>	<u>75,800</u>	<u>1,205,698</u>

16. Pension cost note

Prior to 6 April 1997 the company operated a contracted out final salary scheme providing benefits for members based on their salary at leaving or on retirement. Members of the scheme ceased to accrue final salary benefits from 6 April 1997 and past secure benefits were made paid up.

The actuary of the scheme is independent of the company.

A schedule of future annual contributions for the period 18 June 2001 to 18 June 2006 was agreed on 6 August 2001. In accordance with the schedule, a contribution of £30,000 was due and paid by 31 March 2004. Thereafter the contributions increase by £10,000 per annum for the period of the schedule.

Actuarial valuation: details of the most recent actuarial valuation of the principal scheme, which was conducted as at 1 April 2003, using the projected unit method, are as follows:

16.1 Principal actuarial assumptions were

	W Eaden Lilley Pension		
	2005	2004	2003
	%	%	%
Rate of increase in salaries	-	-	-
Rate of increase in pensions in payment	3.00	3.00	3.00
Rate of increase in deferred pensions	2.50	2.50	2.50
Discount rate	5.00	5.25	4.75
<i>Inflation assumption</i>	2.75	2.75	2.25

As the scheme is closed with no further benefits accruing, only holding liabilities for pensioners and members with preserved benefits salary growth assumptions are irrelevant.

Financial Reporting Standard 17 - Retirement Benefits is not fully in force for the accounting period ended 29 January 2005. As part of the transitional introduction certain disclosures are required only in note form without the entries being incorporated in the primary financial statements. The information contained in this note is given on that basis and is not therefore reflected in the primary financial statements.

W Eaden Lilley & Co Limited

Notes to the financial statements
for the 52 weeks ended 29 January 2005

16.2 The principal liabilities in the scheme were:

W Eaden Lilley Pension Scheme

	Long-term rate of return expected		Long-term rate of return expected		Long-term rate of return expected	
	at 29/01/05 %	Value at £	at 29/01/04 %	Value at £	at 29/01/03 %	Value at £
Equities	7.00	1,051,729	7.00	1,056,278	7.00	840,643
Bonds	5.00	139,713	5.25	157,616	4.75	164,875
Property	7.00	15,523	7.00	31,777	7.00	29,286
Cash	4.75	86,674	3.75	25,421	4.00	49,896
Other	5.00	1,988,300	5.25	2,023,412	4.75	2,742,830
Total market value of assets		3,281,939		3,294,504		3,827,530
Present value of scheme liabilities		(4,337,504)		(4,237,455)		(5,000,006)
Deficit in the scheme		(1,055,565)		(942,951)		(1,172,476)
Net pension assets/(liabilities)		(1,055,565)		(942,951)		(1,172,476)

W Eaden Lilley & Co Limited

**Notes to the financial statements
for the 52 weeks ended 29 January 2005**

16.3 Analysis of the amount charged to operating loss

	W Eaden Lilley Pension	
	52 weeks ended	52 weeks ended
	29/01/05	31/01/04
	£	£
Current service cost	-	-
Past service cost	-	-
Total operating charge	-	-

16.4 Analysis of the amount charged to other finance income

	W Eaden Lilley Pension	
	52 weeks ended	52 weeks ended
	29/01/05	31/01/04
	£	£
Expected return on pension scheme assets	188,797	196,835
Interest on pension scheme liabilities	(219,940)	(233,760)
Net outgoing	(31,143)	(36,925)

16.5 Analysis of amount recognised in Statement of total recognised gains and losses

	W Eaden Lilley Pension	
	52 weeks ended	52 weeks ended
	29/01/05	31/01/04
	£	£
Actual return less expected return on pension scheme assets	32,013	221,773
Experience gains/(losses) arising on the scheme liabilities	(14,817)	(26,667)
Changes in assumptions underlying the present value of the scheme liabilities	(125,667)	48,344
Actuarial gain recognised in STRGL	(108,471)	243,450

W Eaden Lilley & Co Limited

Notes to the financial statements
for the 52 weeks ended 29 January 2005

16.6 Movements in deficit during the year

	W Eaden Lilley Pension	
	52 weeks ended 29/01/05	52 weeks ended 31/01/04
	£	£
Scheme deficit at beginning of the year	(942,951)	(1,172,476)
Movement in period:		
Contributions	27,000	23,000
Other finance income	(31,143)	(36,925)
Actuarial gain/(loss)	(108,471)	243,450
Scheme deficit at end of the year	<u>(1,055,565)</u>	<u>(942,951)</u>

16.7 History of experience gains and losses

	W Eaden Lilley Pension	
	52 weeks ended 29/01/05	52 weeks ended 31/01/04
Difference between the expected and actual return on scheme assets:		
amount (£)	32,013	221,773
percentage of scheme assets	0.98%	6.73%
Experience gains and losses on scheme liabilities:		
amount (£)	(14,817)	(26,667)
percentage of the present value of the scheme liabilities	(0.34)%	(0.63)%
Total amount recognised in Statement of total recognised gains and losses:		
amount (£)	(108,471)	243,450
percentage of the present value of the scheme liabilities	(2.50)%	5.75%

16.8 Defined contribution pension scheme

Prior to 6 April 1997, the company operated a contracted out final salary scheme providing benefits for members based on their salary at leaving or on retirement. Members of the scheme ceased to accrue final benefits from 6 April 1997 and past secure benefits were made paid up. As an alternative, all existing plan members were invited to join a new contracted out money purchase (defined contribution) section with effect from 6 April 1997. During the year ended 29 January 2000, a decision was made to wind down the pension scheme and this is being implemented. In January 2000 the scheme was closed for future service and those members still in employment with the company were offered membership of a group personal plan.

No contributions were made to the defined contribution scheme during the period (2004 - nil).

There were no outstanding or prepaid contributions at the balance sheet date (2004 - nil).

W Eaden Lilley & Co Limited

**Notes to the financial statements
for the 52 weeks ended 29 January 2005**

17. Financial commitments

At 29 January 2005 the company had annual commitments under non-cancellable operating leases as follows:

	29/01/05 £	31/01/04 £
Expiry date:		
Within one year	-	21,400
Between one and five years	9,177	190,872
In over five years	307,400	-
	<u>316,577</u>	<u>212,272</u>

18. Capital commitments

	29/01/05 £	31/01/04 £
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Details of capital commitments at the accounting date are as follows:

Contracted for but not provided in the financial statements

	<u>18,868</u>	<u>-</u>
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19. Contingent liabilities

Deferred taxation is only provided to give effect to timing differences to the extent that it is probable that a liability will crystallise.

The company pension scheme is being wound down. No provision for the schedule of future contributions (see note 16) have been made in the accounts to 29 January 2005.

20. Related party transactions

The company operates a current account with W Eaden Lilley Holdings Limited and the balance receivable at 29 January 2005 was £16,095 (31 January 2004 : £16,562).

The freehold premises from which the St Ives' store operates are owned by the company's ultimate parent undertaking W Eaden Lilley Holdings Limited. The premises were initially being occupied rent free while the business established itself. Rent has been charged since 29 September 2004 at a rate of £100,000 per annum. £33,333 is therefore charged in respect of the 52 weeks ending 29 January 2005.

21. Ultimate parent undertaking

The company's ultimate parent undertaking at the balance sheet date was W Eaden Lilley Holdings Limited, a company incorporated in England.

W Eaden Lilley & Co Limited

**Notes to the financial statements
for the 52 weeks ended 29 January 2005**

22. Controlling interest

The company is under the control of Mr W E Lilley who owns beneficially 75% of the issued share capital of the ultimate parent undertaking.