

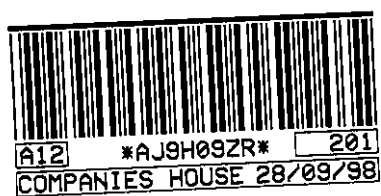
Signed

W. EADEN LILLEY & CO. LIMITED

FINANCIAL ACCOUNTS FOR THE
52 WEEKS ENDED 31ST JANUARY 1998

COMPANY NUMBER: 30736

CROUCH CHAPMAN
CHARTERED ACCOUNTANTS



W. EADEN LILLEY & CO. LIMITED

FINANCIAL ACCOUNTS

52 WEEKS ENDED 31ST JANUARY 1998

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W. EADEN LILLEY & CO. LIMITED

COMPANY INFORMATION

31ST JANUARY 1998

Incorporated on 31st January 1890.

Company number: 30736

| | |
|-------------------|--|
| CHAIRMAN | M.O. Marriott |
| MANAGING DIRECTOR | W.E. Lilley |
| OTHER DIRECTORS | G.M. Lilley P.E. Richards G.S. Minto |
| SECRETARY | W.E. Lilley |
| REGISTERED OFFICE | 12 Market Street Cambridge. CB2 3PD |
| AUDITORS | Crouch Chapman St. Martin's House 63 West Stockwell Street Colchester Essex CO1 1HE |

CHAIRMAN'S STATEMENT

31ST JANUARY 1998

Unusual, unpredictable weather patterns and General Elections are two things which can always be relied upon to adversely affect the retail trade. Last year we experienced both of them.

A variety of other extraneous factors can also influence business - sometimes to our advantage. Windfall Building Society pay-outs benefitted a number of people last year, unexpectedly adding to the amount of disposable income enjoyed by many families. However, most of this extra spending power went on Home Furnishings, and since we were only touching the fringes of this segment of the market, we barely benefitted, with the exception of Beds, where we achieved a very useful 20% increase in sales.

Consumer activity was stronger in the first half of the year, becoming patchier as the year went on, with the Christmas crescendo being something of a cliff-hanger. But in spite of less than ideal trading conditions, we increased overall turnover in Cambridge by 4% and Saffron Walden by 13%. The slight fallback at Douglas of Shelford was due to changes in local trading conditions and can be regarded as a temporary "blip".

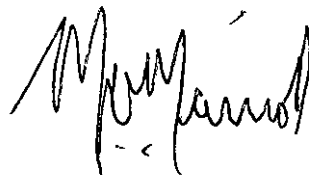
Further progress was made in achieving our principle strategic objective of establishing our changed identity in the Market Place and more effectively communicating with our target customers. This has been reflected in the enthusiastic way in which new ranges of merchandise have been taken up and the positive feedback we and our promoting partners have received to our "Diaries and Seasons of Events"

Negotiations to secure tenants for a little over half of our Warehouse building were frustratingly protracted and were not completed until after the year end.

Borrowings continued to reduce and tighter stock control enabled us to reduce our average stockholding with a consequent reduction in mark downs. It is therefore disappointing that the overall financial results are not more encouraging.

In spite of recruitment difficulties in the region, we have maintained standards and proudly claim a capable and committed workforce which demonstrates great enthusiasm and loyalty to the business and to those who carry the responsibility for it's day to day smooth running.

Our commitment to quality and training remains undiminished. Our business can only ever be as good as those employed in it and once again I take this opportunity to express my thanks and those of my fellow Directors to everyone for their contribution during the year.



CHAIRMAN

14th August 1998.

W. EADEN LILLEY & CO. LIMITED

REPORT OF THE DIRECTORS

31ST JANUARY 1998

The directors submit to the members the one hundred and ninth annual report and audited accounts for the 52 weeks ended 31st January 1998.

Principal activity

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

Review of business

The company made a profit for the period of £87,971.

Dividends

The directors recommend a final dividend of £40,000 (1997 - £40,000) leaving a surplus of £47,971 to be transferred to reserves.

Fixed assets

Movements in tangible fixed assets are shown in note 11.

Directors

The directors who held office during the period and their interest in the share capital were as follows:-

| | Ordinary shares | |
|----------------|-----------------|--------|
| | 31.1.98 | 1.2.97 |
| W.E. Lilley | | |
| beneficial | 2,420 | 2,420 |
| non-beneficial | 300 | 300 |
| G.M. Lilley | | |
| beneficial | 885 | 885 |
| non-beneficial | 4,809 | 4,809 |
| M.O. Marriott | - | - |
| P.E. Richards | - | - |
| G.S. Minto | - | - |

D.B. Cain, a partner in Crouch Chapman, the auditors to the company, is a trustee for 400 ordinary shares. He is also a trustee with G.M. Lilley for a total of 4,409 ordinary shares and with W.E. Lilley for 300 ordinary shares.

The following directors being eligible offer themselves for re-election at the forthcoming Annual General Meeting, W.E. Lilley, G.M. Lilley, M.O. Marriott, P.E. Richards and G.S. Minto.

W. EADEN LILLEY & CO. LIMITED

REPORT OF THE DIRECTORS CONTINUED

31ST JANUARY 1998

Political and charitable contributions

There were no political contributions made in the period, and charitable contributions amounted to £1,278.

Auditors

Crouch Chapman have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



COMPANY SECRETARY

14th August 1998

12 Market Street,
Cambridge.
CB2 3PD

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company law 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 profit or loss of the company for that period. In preparing those financial statements we are required to:

- select suitable accounting policies and then apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

ON BEHALF OF THE BOARD



14th August, 1998

AUDITORS' REPORT TO THE MEMBERS OF W. EADEN LILLEY & CO. LIMITED

We have audited the financial statements on pages 7 to 22 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 10 and 11.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 5 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

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

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

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st January 1998 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants

Registered Auditors

St. Martin's House,
63 West Stockwell Street,
Colchester,
Essex.
CO1 1HE

17th August 1998

W. EADEN LILLEY & CO. LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE 52 WEEKS ENDED 31ST JANUARY 1998

| | Note | 1998 £ | 1997 £ |
|--|------|-----------------|----------------|
| TURNOVER | 2 | 6,762,779 | 6,611,912 |
| Cost of sales | | 4,467,647 | 4,307,321 |
| | | <hr/> | <hr/> |
| GROSS PROFIT | | 2,295,132 | 2,304,591 |
| Administrative expenses | | 2,046,479 | 2,006,471 |
| | | <hr/> | <hr/> |
| OPERATING PROFIT | 3 | 248,653 | 298,120 |
| Other interest receivable and similar income | 6 | 3,546 | 7,994 |
| Finance costs | 7 | 154,228 | 177,756 |
| | | <hr/> | <hr/> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 97,971 | 128,358 |
| Tax on ordinary activities | 8 | 10,000 | 84,317 |
| | | <hr/> | <hr/> |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 87,971 | 44,041 |
| Dividends | 9 | 40,000 | 40,000 |
| | | <hr/> | <hr/> |
| RETAINED PROFIT FOR THE FINANCIAL PERIOD | 19 | 47,971 ===== | 4,041 ===== |

Movements in reserves are shown in notes 19 to 22.

There were no acquisitions or discontinued operations during the current and previous period.

There are no recognised gains or losses in 1998 or 1997 other than the profit for the year.

W. EADEN LILLEY & CO. LIMITED

BALANCE SHEET

31ST JANUARY 1998

| | Note | 1998 | 1997 |
|---|------|-----------|-----------|
| | | £ | £ |
| FIXED ASSETS | | | |
| Intangible assets | 10 | 22,218 | 44,436 |
| Tangible assets | 11 | 5,941,312 | 6,011,158 |
| Investments | 12 | 11,927 | 11,927 |
| | | <hr/> | <hr/> |
| | | 5,975,457 | 6,067,521 |
| CURRENT ASSETS | | | |
| Stocks | 13 | 886,708 | 1,025,525 |
| Debtors | 14 | 653,195 | 630,671 |
| Cash at bank and in hand | | 61,125 | 79,918 |
| | | <hr/> | <hr/> |
| | | 1,601,028 | 1,736,114 |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 15 | 1,585,315 | 1,783,128 |
| | | <hr/> | <hr/> |
| NET CURRENT ASSETS/(LIABILITIES) | | 15,713 | (47,014) |
| | | <hr/> | <hr/> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 5,991,170 | 6,020,507 |
| CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | 16 | 722,692 | 800,000 |
| | | <hr/> | <hr/> |
| | | 5,268,478 | 5,220,507 |
| | | ===== | ===== |
| CAPITAL AND RESERVES | | | |
| Share capital | 18 | 100,000 | 100,000 |
| Profit and loss account | 19 | 3,418,180 | 3,370,209 |
| Capital redemption reserve | 20 | 6,620 | 6,620 |
| Revaluation reserve | 21 | 1,743,678 | 1,743,678 |
| | | <hr/> | <hr/> |
| | | 5,268,478 | 5,220,507 |
| | | ===== | ===== |

Approved by the Board of Directors on 14th August, 1998

Director



Director



W. EADEN LILLEY & CO. LIMITED

CASH FLOW STATEMENT

52 WEEKS ENDED 31ST JANUARY 1998

| | Note | 1998 £ | 1997 £ |
|---|------|---------------------------|---------------------------|
| Net cash inflow from operating activities | 25 | 443,330 | 203,045 |
| Returns on investment & servicing of finance | | | |
| Interest received | | 3,546 | 7,994 |
| Interest paid | | (153,077) | (177,693) |
| Interest element of finance lease rental payments | | (1,151) | (63) |
| | | <u>(150,682)</u> | <u>(169,762)</u> |
| Taxation | | | |
| Advance corporation tax paid | | (10,000) | (15,000) |
| Capital expenditure & financial investment | | | |
| Purchase of tangible fixed assets | | (51,776) | (47,054) |
| Sale of tangible fixed assets | | 12,325 | 2,192 |
| | | <u>(39,451)</u> | <u>(44,862)</u> |
| Equity dividend paid | | 243,197 (40,000) | (26,579) (40,000) |
| | | <u>203,197</u> | <u>(66,579)</u> |
| Financing | | | |
| Debt due within one year: | | | |
| Bank loan repayments | | (500,000) | - |
| Debt due beyond one year: | | | |
| Bank loan repayments | | - | (100,000) |
| Capital element of finance lease rental payments | | (8,397) | - |
| | | <u>(508,397)</u> | <u>(100,000)</u> |
| Decrease in cash | | <u>(305,200)</u> ===== | <u>(166,579)</u> ===== |

NOTES ON THE ACCOUNTS

FOR THE 52 WEEKS ENDED 31ST JANUARY 1998

1. ACCOUNTING POLICIES

A) ACCOUNTING CONVENTION

The financial statements have been prepared in accordance with the historical cost convention, as modified by the inclusion of certain freehold properties at revalued amounts.

B) TURNOVER

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

C) DEPRECIATION OF TANGIBLE ASSETS

Depreciation is provided in equal amounts each year in order to write off tangible fixed assets over their estimated useful lives. Estimated useful lives are:-

| | |
|----------------------|-----------------|
| Leasehold properties | Period of lease |
| Plant and fittings | 5 - 25 years |

Freehold properties are maintained to a high standard. Any permanent diminution in the value of freehold land and buildings is charged to the profit and loss account as applicable. As a result the directors consider that the residual value of freehold property is at least equal to its net book value, and any depreciation required by the Companies Act 1985 and SSAP 12 would not be material.

Depreciation commences in the year following addition.

D) AMORTISATION

Amortisation is provided to write off the value of goodwill over 10 years.

E) STOCKS

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.

F) DEFERRED TAXATION

Deferred taxation is only provided to give effect to timing differences to the extent that it is probable that a liability will crystallise. The directors consider that such a provision is not required as the crystallization of any liability is not envisaged in the foreseeable future.

1. ACCOUNTING POLICIES (CONTINUED)

G) LEASED ASSETS

Where assets are financed by a leasing agreement ("finance leases") the assets are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital payments outstanding. Rentals payable under operating leases are charged to the profit and loss account as incurred.

H) PENSION SCHEME

The company pension scheme prior to 6th April 1997 was a defined benefit plan which is being wound down over a ten year period. Contributions were based on actuarial advice and charged against profits as incurred.

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

W. EADEN LILLEY & CO. LIMITED

NOTES ON THE ACCOUNTS CONTINUED

FOR THE 52 WEEKS ENDED 31ST JANUARY 1998

| | 1998 £ | 1997 £ |
|--|------------|------------|
| 2. TURNOVER | | |
| Total sales including valued added tax | 11,834,720 | 11,282,784 |
| Less: Sales of leased departments including valued added tax | 5,153,679 | 4,624,911 |
| Sales of our own merchandise & services | 6,681,041 | 6,657,873 |
| Less: Valued added tax | 907,135 | 916,884 |
| Sales of our own merchandise and services (excluding value added tax) | 5,773,906 | 5,740,989 |
| Rental from leased departments based on their sales | 988,873 | 870,923 |
| | 6,762,779 | 6,611,912 |
| | ===== | ===== |
| 3. OPERATING PROFIT | | |
| This is stated after crediting: | | |
| Profit on disposal of assets | 406 | 2,192 |
| and after charging: | ===== | ===== |
| Depreciation | 160,976 | 180,280 |
| Amortisation of goodwill | 22,218 | 22,218 |
| Rental of leased equipment | 28,217 | 23,785 |
| Auditors' remuneration | 49,870 | 36,317 |
| (Including £19,120 in respect of non audit services (1997 £11,317)) | ===== | ===== |

W. EADEN LILLEY & CO. LIMITED

NOTES ON THE ACCOUNTS CONTINUED

FOR THE 52 WEEKS ENDED 31ST JANUARY 1998

| | 1998 £ | 1997 £ |
|--|-----------|-----------|
| 4. DIRECTORS' REMUNERATION | | |
| Emoluments | 118,556 | 101,952 |
| Company contributions to money purchase pension scheme | 6,200 | - |
| | <hr/> | <hr/> |
| | 124,756 | 101,952 |
| | ===== | ===== |

At 31st January 1998 there are two directors to whom retirement benefits are accruing under a money purchase pension scheme (1997 two directors defined benefit pension scheme).

| | £ | £ |
|--|-----------|-----------|
| 5. STAFF COSTS | | |
| Staff costs during the period amounted to: | | |
| Wages and salaries | 1,546,881 | 1,453,431 |
| Social security | 77,412 | 73,617 |
| Other pension and employment costs | 32,195 | 33,027 |
| | <hr/> | <hr/> |
| | 1,656,488 | 1,560,075 |
| | ===== | ===== |

The average number of employees during the period was as follows:-

| | No. | No. |
|----------------|-------|-------|
| Sales staff | 152 | 146 |
| Administration | 37 | 37 |
| | <hr/> | <hr/> |
| | 189 | 183 |
| | === | === |

NOTES ON THE ACCOUNTS CONTINUED

FOR THE 52 WEEKS ENDED 31ST JANUARY 1998

PENSION SCHEME

The company previously operated a defined benefit pension scheme providing benefits based on final pensionable pay. The assets of the scheme were held separately from those of the company, being invested with an insurance company. Contributions to the scheme were charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions were determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 6th April 1994. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increases in salaries and pensions. It was assumed that the investment returns would exceed salary increases by on average 2% per annum and that present and future pensions would increase at the rate of 3% per annum. The actuarial valuation showed that the market value of the scheme's assets at 6th April 1994 was £3,148,000 and that the actuarial value of those assets represented 109% of the benefits that had accrued to members after allowing for expected future increases in earnings. The contributions of the company and employees were to remain at 0.7% and 6% of earnings respectively.

With effect from 6th April 1997, the final salary scheme is being wound down and replaced by a money purchase scheme. It is anticipated that the final salary scheme will be wound down over a ten year period, the costs of which have not yet been quantified.

The pension charge for the year was £21,665 (1997 £6,107). In addition there were scheme advisors' charges amounting to £23,656 (1997 £36,621).

| | 1998 | 1997 |
|---|---------|---------|
| | £ | £ |
| 6. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME | | |
| Interest receivable | 3,546 | 7,994 |
| | ===== | ===== |
| 7. FINANCE COSTS | | |
| Bank interest | 153,077 | 177,693 |
| Finance lease interest | 1,151 | 63 |
| | ----- | ----- |
| | 154,228 | 177,756 |
| | ===== | ===== |

W. EADEN LILLEY & CO. LIMITED

NOTES ON THE ACCOUNTS CONTINUED

FOR THE 52 WEEKS ENDED 31ST JANUARY 1998

| | 1998 £ | 1997 £ |
|--|---------------|-----------|
| 8. TAXATION | | |
| Irrecoverable ACT (dividends paid earlier years) | - | 74,317 |
| ACT due on current dividend | 10,000 | 10,000 |
| | <hr/> | <hr/> |
| | 10,000 | 84,317 |
| | ===== | ===== |
| 9. DIVIDENDS | 1998 £ | 1997 £ |
| Final dividend proposed | 40,000 | 40,000 |
| | ===== | ===== |
| 10. INTANGIBLE FIXED ASSETS | | |
| | Goodwill £ | |
| Cost | | |
| Balance 1.2.97 and 31.1.98 | 222,180 | |
| | ===== | |
| Amortisation | | |
| Balance 1.2.97 | 177,744 | |
| Charge for period | 22,218 | |
| | <hr/> | |
| Balance 31.1.98 | 199,962 | |
| | ===== | |
| Net book value | | |
| At 1.2.97 | 44,436 | |
| | ===== | |
| At 31.1.98 | 22,218 | |
| | ===== | |

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

W. EADEN LILLEY & CO. LIMITED

NOTES ON THE ACCOUNTS CONTINUED

FOR THE 52 WEEKS ENDED 31ST JANUARY 1998

11. TANGIBLE FIXED ASSETS

| | Land and buildings £ | Plant and fittings £ | Total £ |
|-------------------------|----------------------------|-------------------------------|--------------------|
| COST/VALUATION | | | |
| Balance 2.2.97 | 5,603,495 | 1,312,618 | 6,916,113 |
| Additions | - | 103,049 | 103,049 |
| Disposals | - | (163,537) | (163,537) |
| | <hr/> | <hr/> | <hr/> |
| Balance 31.1.98 | 5,603,495 | 1,252,130 | 6,855,625 |
| | <hr/> | <hr/> | <hr/> |
| DEPRECIATION | | | |
| Balance 2.2.97 | 171,585 | 733,370 | 904,955 |
| Charge for period | 17,889 | 143,087 | 160,976 |
| Eliminated on disposals | - | (151,618) | (151,618) |
| | <hr/> | <hr/> | <hr/> |
| Balance 31.1.98 | 189,474 | 724,839 | 914,313 |
| | <hr/> | <hr/> | <hr/> |
| NET BOOK VALUE | | | |
| At 2.2.97 | 5,431,910 ===== | 579,248 ===== | 6,011,158 ===== |
| At 31.1.98 | 5,414,021 ===== | 527,291 ===== | 5,941,312 ===== |

Included in the total net book value of tangible fixed assets held at 31.1.98 was £57,441 (2.2.97 £NIL) in respect of assets held under finance leases.

The net book value of land and buildings at 31.1.98 comprised:-

| | £ |
|-----------------|--------------------|
| Freehold | 4,730,085 |
| Long leasehold | 518,584 |
| Short leasehold | 165,352 |
| | <hr/> |
| | 5,414,021 ===== |

The freehold land and buildings were revalued in the year ended 29th January 1994 at £4,400,000. The excess of £1,743,678 over the original cost of £2,656,322 was credited to the revaluation reserve.

W. EADEN LILLEY & CO. LIMITED

NOTES ON THE ACCOUNTS CONTINUED

FOR THE 52 WEEKS ENDED 31ST JANUARY 1998

| | 1998 £ | 1997 £ |
|--|-----------|-----------|
| 12. INVESTMENTS | | |
| W. Eaden Lilley & Co. (Wholesale) Ltd.:- | | |
| 100% of issued shares at cost | 100 | 100 |
| Less: Amount due to subsidiary | (113) | (113) |
| | <hr/> | <hr/> |
| | (13) | (13) |
| AIS Property Limited | | |
| 11,940 - £1 5% Secured Debenture | | |
| Stock at cost | 11,940 | 11,940 |
| | <hr/> | <hr/> |
| | 11,927 | 11,927 |
| | ===== | ===== |

W. Eaden Lilley & Co. (Wholesale) Limited has not traded during the current or previous period.

| | | |
|------------------|---------|-----------|
| 13. STOCKS | | |
| Goods for resale | 805,559 | 950,998 |
| Other stock | 81,149 | 74,527 |
| | <hr/> | <hr/> |
| | 886,708 | 1,025,525 |
| | ===== | ===== |

| | | |
|-------------------------------------|---------|---------|
| 14. DEBTORS | | |
| Due within one year: | | |
| Trade debtors | 375,458 | 345,220 |
| Prepayments and accrued income | 126,674 | 133,811 |
| Other debtors and deferred expenses | 151,063 | 45,358 |
| Deposit paid and accrued interest | - | 106,282 |
| | <hr/> | <hr/> |
| | 653,195 | 630,671 |
| | ===== | ===== |

W. EADEN LILLEY & CO. LIMITED

NOTES ON THE ACCOUNTS CONTINUED

FOR THE 52 WEEKS ENDED 31ST JANUARY 1998

| | 1998 £ | 1997 £ |
|---|-----------|-----------|
| 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | | |
| Bank overdraft and loan | 1,007,413 | 1,121,006 |
| Trade creditors | 165,933 | 250,223 |
| Advance corporation tax | 10,000 | 10,000 |
| Other taxation & social security | 230,242 | 238,081 |
| Dividend | 40,000 | 40,000 |
| Other creditors | 53,727 | 78,926 |
| Accruals & deferred income | 57,816 | 44,892 |
| Obligations under finance leases & hire purchase contracts - see note 16 | 20,184 | - |
| | <hr/> | <hr/> |
| | 1,585,315 | 1,783,128 |
| | ===== | ===== |

The bank overdraft and loans are secured by charges on certain of the freehold properties.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | | |
|---|---------|---------|
| Bank loans | 700,000 | 800,000 |
| Obligations under finance leases & hire purchase contracts | 22,692 | - |
| | <hr/> | <hr/> |
| | 722,692 | 800,000 |
| | ===== | ===== |

Maturity of debt included in notes 15 & 16

| | | |
|-----------------------------------|-----------|-----------|
| In one year or less, or on demand | 1,007,413 | 1,121,006 |
| Between one and two years | 100,000 | 100,000 |
| Between two and five years | 450,000 | 500,000 |
| In five years or more | 150,000 | 200,000 |
| | <hr/> | <hr/> |
| | 1,707,413 | 1,921,006 |
| | ===== | ===== |

Obligations under finance leases &
hire purchase contracts

These are repayable over varying periods by monthly instalments as follows:-

| | | |
|--------------------------------|--------|-------|
| In the next year - see note 15 | 20,184 | - |
| In the second to fifth years | 22,692 | - |
| | <hr/> | <hr/> |
| | 42,876 | - |
| | ===== | ===== |

W. EADEN LILLEY & CO. LIMITED

NOTES ON THE ACCOUNTS CONTINUED

FOR THE 52 WEEKS ENDED 31ST JANUARY 1998

17. PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation is only provided to give effect to timing differences to the extent that it is probable that a liability will crystallise. No provision for taxation has been made on the revaluation of the property as in the directors' opinion no liability will crystallise in the foreseeable future.

| | 1998 £ | 1997 £ |
|---|--------------------|--------------------|
| 18. SHARE CAPITAL | | |
| Ordinary shares of £10 each | | |
| Authorised | 200,000 ===== | 200,000 ===== |
| Issued and fully paid | 100,000 ===== | 100,000 ===== |
| 19. PROFIT AND LOSS ACCOUNT | | |
| Balance brought forward 2.2.97 | 3,370,209 | 3,366,168 |
| Retained profit for period | 47,971 | 4,041 |
| | <hr/> | <hr/> |
| Balance carried forward 31.1.98 | 3,418,180 ===== | 3,370,209 ===== |
| 20. CAPITAL REDEMPTION RESERVE | | |
| Unsecured loan stock capital redemption reserve | 6,620 ===== | 6,620 ===== |
| 21. REVALUATION RESERVE | | |
| Arising on revaluation | 1,743,678 ===== | 1,743,678 ===== |

W. EADEN LILLEY & CO. LIMITED

NOTES ON THE ACCOUNTS CONTINUED

FOR THE 52 WEEKS ENDED 31ST JANUARY 1998

| | 1998 £ | 1997 £ |
|--|-----------|-----------|
| 22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS | | |
| Profit for the period | 87,971 | 44,041 |
| Dividends | (40,000) | (40,000) |
| | <hr/> | <hr/> |
| | 47,971 | 4,041 |
| Opening shareholder's funds | 5,220,507 | 5,216,466 |
| | <hr/> | <hr/> |
| Closing shareholder's funds | 5,268,478 | 5,220,507 |
| | ===== | ===== |

23. CAPITAL COMMITMENTS AND OPERATING LEASING OBLIGATIONS

CAPITAL COMMITMENTS

| | | |
|--|---------|--------|
| Contracted but not provided for | 110,000 | 49,900 |
| | ===== | ===== |
| Authorised by the directors but not provided for | 65,000 | 78,550 |
| | ===== | ===== |

OPERATING LEASE OBLIGATIONS

Based on agreements in existence at the period end the company anticipates payments to be made in the coming year of £18,952 (£13,231 - 1997) and between two and five years of £21,150 (£16,522 - 1997).

24. ASSOCIATED INDEPENDENT STORES LIMITED

The company is a member of Associated Independent Stores Limited which is limited by guarantee. The maximum sum this company could be called upon to pay is £5,000.

W. EADEN LILLEY & CO. LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE 52 WEEKS ENDED 31ST JANUARY 1998

25. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

| | 1998 £ | 1997 £ |
|---|------------------|------------------|
| Operating profit | 248,653 | 298,120 |
| Depreciation charges | 160,976 | 180,280 |
| Amortisation | 22,218 | 22,218 |
| Profit on sale of tangible fixed assets | (406) | (2,192) |
| Decrease/(increase) in stock | 138,817 | (72,207) |
| Decrease/(increase) in debtors | (22,524) | (44,223) |
| Decrease in creditors | (104,404) | (178,951) |
| Net cash inflow from operating activities | 443,330 ===== | 203,045 ===== |

26. ANALYSIS OF CHANGES IN NET DEBT

| | At start of period £ | Cash flows £ | Other changes £ | At end of period £ |
|--------------------------|----------------------------|--------------------|-----------------------|--------------------------|
| Cash in hand, at bank | 79,918 | (18,793) | | 61,125 |
| Overdrafts | (621,006) | (286,407) | | (907,413) |
| | | (305,200) | | |
| Debt due within one year | (500,000) | 500,000 | (100,000) | (100,000) |
| Debt due after one year | (800,000) | - | 100,000 | (700,000) |
| Finance leases | - | 8,397 | (51,273) | (42,876) |
| | | 508,397 | | |
| Total | (1,841,088) ===== | 203,197 ===== | (51,273) ===== | (1,689,164) ===== |

W. EADEN LILLEY & CO. LIMITED

NOTES TO THE CASH FLOW STATEMENT CONTINUED

FOR THE 52 WEEKS ENDED 31ST JANUARY 1998

| | 1998 £ | 1997 £ |
|--|----------------------|----------------------|
| 27. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT | | |
| Decrease in cash for the 52 weeks | (305,200) | (166,579) |
| Cash outflow from decrease in debt and lease financing | 508,397 | 100,000 |
| Change in net debt resulting from cash flows | 203,197 | (66,579) |
| New finance leases | (51,273) | - |
| Movement in net debt in the 52 weeks | 151,924 | (66,579) |
| Net debt at start of period | (1,841,088) | (1,774,509) |
| Net debt at 31st January 1998 | (1,689,164) ===== | (1,841,088) ===== |