

DIRECTORS' REPORT AND ACCOUNTS

JOPLINGS LIMITED

(Registered Number 503553)

27 March 2004



Joplings Limited

Directors' Report for the fifty two weeks ended 27 March 2004

The Directors present their report together with the audited accounts of the Company for the fifty two weeks ended 27 March 2004.

Profits and dividends

Details of turnover and profits are shown in the profit and loss account set out on page 6.

The profit for the financial year is £1,368,949 (2003 - £1,579,176).

Preference share dividends of £78,000 (2003 - £78,000) were paid in the year. The Directors propose a dividend on the ordinary shares of £1,290,949 (2003 - £1,501,176), and consequently there is no transfer to reserves.

Principal activity

The principal activity of the Company is retailing in the United Kingdom.

Review of the business

Joplings, in line with other smaller Department Store chains, felt the cold winds of difficult trading times. Whilst there were many influences upon the year, the facts are that during the twelve month period for most of the time footfall in these businesses was reduced. Trading will continue to be challenging during the forthcoming year but we are comforted that our business provides a strong balance sheet from owning the freehold of every store. Joplings is a good business, has a loyal customer base, and will continue to be profitable, and we expect to see a return of progress during the course of the year.

All of our stores saw negative comparison against last year's sales, with Hexham faring the best at -2% and Sunderland the worst at -7%. The Sunderland store is however doing much better than the figures indicate on face value, as there is now significantly more retail space in that City than existed three years ago and the store remains significantly profitable, as indeed do all of our stores. A re-fit, costing £349,000 was completed during the course of the year at Hexham, providing a much improved shopping environment which has won favour with the customer.

The Leamington store, which provides by far the smallest contribution of all of the properties in our Department Store Division, has been adversely affected by the openings of the Touchwood Centre in Solihull and Bull Ring, Birmingham. Consequently we have decided to close this store and realise its significant asset value.

The biggest disappointment during the year was Tynedale Park; it clearly suffered from competitive openings at Shiremore (Boundary Mill) and Dalton Park (Outlet Centre). However, Tynedale has grown its sales base to £19m and offers the opportunity of further increase. We continue to believe in the prospects of Tynedale and a number of initiatives are now underway to maximise this potential.

Fixed assets

Details of the movements in tangible fixed assets are set out in note 7 and the movements in investments are set out in note 8.

Joplings Limited

Directors' Report for the fifty two weeks ended 27 March 2004 (continued)

Directors and their interests

The directors holding office during the year were:

J C Jefferson
P Newton
P J Samuel
J P Seigal
C Lamont
J R Hatch
J R Adams
M R Leathley (appointed 1 April 2003)

Messrs. P Newton, J P Seigal and C Lamont are directors of the holding company, Merchant Retail Group plc, and their interests in the share capital and debentures of group companies are disclosed in the accounts of that company.

The interests of the other Directors, in the parent undertaking, are shown below:

Ordinary Shares of 10p

	At 27 March 2004	At 29 March 2003
J C Jefferson	11,000	1,000
P J Samuel	125,548	21,588
J R Hatch	-	-
J R Adams	-	-
M R Leathley	-	-

Directors' Share Options

	At 29 March 2003	Granted/ (exercised)	At 27 March 2004	Exercise Price	Date from which exercisable	Expiry Date
J C Jefferson	28,960 + 46,040 # 13,171 ~	(28,960) (46,040) -	- - 13,171	25.25p 25.25p 58.84p	- - 1.12.04	- - 1.05.05
P J Samuel	56,250 + 18,750 + 28,960 + 46,040 # 16,464 ~	(56,250) (18,750) (28,960) - -	- - - 46,040 16,464	16.50p 19.50p 25.25p 25.25p 58.84p	- - - 16.07.00 1.12.04	- - - 16.07.07 1.05.05
J R Hatch	9,491 ~	-	9,491	99.56p	1.02.06	1.08.06
J R Adams	- ~	2,747	2,747	134.32p	1.02.07	1.08.07
M R Leathley	6,585 ~ 5,695 ~	- -	6,585 5,695	58.84p 99.56p	1.12.04 1.02.06	1.05.05 1.08.06

+ - 1995 Executive Share Option Scheme

- 1996 Discretionary Share Option Scheme

~ - Savings Related Schemes

Joplings Limited

Directors' Report for the fifty two weeks ended 27 March 2004 (continued)

Directors and their interests (Continued)

Directors' Share Options

J C Jefferson exercised his executive share options on 11 June 2003. The deemed gain on the exercise of these options at the market price of 148.00p on that day was £92,063.

P J Samuel exercised his executive share options on 19 September 2003. The deemed gain on the exercise of these options at the market price of 178.50p on that day was £165,319.

Long Term Incentive Plans

Shares awarded to directors under Long Term Incentive Plans operated by Merchant Retail Group plc are as follows:

	Plan	Award date	At 29 March 2003 number	Shares vested number	At 27 March 2004 number	Value Vested £
J C Jefferson	1999	3.08.99	134,756	134,756	-	194,722
	2002	5.08.02	166,595	-	166,595	-
P J Samuel	1999	3.08.99	174,477	174,477	-	252,119
	2002	5.08.02	256,300	-	256,300	-
J R Hatch	2002	5.08.02	138,829	-	138,829	-
J R Adams	2002	5.08.02	138,829	-	138,829	-

Further details of the rules of the Long Term Incentive Plans are disclosed in the financial statements of Merchant Retail Group plc.

Apart from the share option and long term incentive schemes, the Company is not party to any arrangements whereby directors or their families may acquire interests in the Company or any other group company. Save as aforesaid, and apart from service contracts, none of the directors had or has a material contract of significance with the Company or any other group company.

As permitted by s310(3)(a) of the Companies Act 1985, the Company maintains Directors' and Officers' Liability insurance which provides insurance cover against liabilities which Directors and other officers of the Company may incur personally as a consequence of claims made against them alleging breach of duty or other unlawful acts or omissions in their capacity as Directors and officers.

Company secretary

The secretary who served during the year was:

J C Jefferson

Joplings Limited

Directors' Report for the fifty two weeks ended 27 March 2004 (continued)

Employees

It is the Company's policy to ensure that all vacancies are open to disabled persons where the physical requirements of the job permit. In the event of an employee becoming disabled the Company offers, if appropriate, retraining or suitable alternative employment.

The Company encourages employee involvement in the business in many ways and specifically by a programme of communication throughout the Company, and by encouraging employees to take a stake in the business via the holding company's Savings Related Share Option Scheme, which is open to all employees with more than twelve months service.

Policy on the payment of creditors

For major suppliers it is the Company's policy to settle terms of payment when agreeing the terms of transactions and abide by them. Other suppliers are paid within generally accepted commercial time periods. The average time taken by the Company to pay its trade creditors during the period was 33 days (2003- 31 days).

Directors' responsibilities in respect of the financial statements

The following statement is made for the purpose of clarifying the responsibilities of the Directors in the preparation of the financial statements.

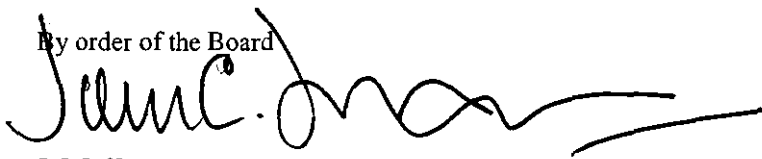
The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the Company's state of affairs as at the end of the financial year and profit and loss for the year then ended. The Directors consider that in preparing the financial statements, the Company has used suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and confirm that all applicable accounting standards have been complied with. The financial statements have been prepared on a going concern basis.

The Directors are also responsible for keeping proper accounting records that 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, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board



J C Jefferson
Secretary

24 May 2004

Registered Office:
John Street
Sunderland
SR1 1DP

Independent auditors' report to the members of Joplings Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the accounting policies and related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report including the opinion has been prepared for and only for the Company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 United Kingdom 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report, if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 at 27 March 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds
24 May 2004

Joplings Limited

Profit and loss account - for the fifty two weeks ended 27 March 2004

		<u>2004</u>	<u>2003</u>
			(as restated see note 2)
	Notes	£	£
Turnover	2	33,049,227	34,761,271
Cost of sales		<u>(19,244,032)</u>	<u>(20,298,125)</u>
Gross profit		13,805,195	14,463,146
Administrative expenses		<u>(13,441,297)</u>	<u>(13,808,055)</u>
Operating profit	3	363,898	655,091
Income from fixed asset investments		1,369,422	1,356,845
Profit on ordinary activities before interest and taxation		<u>1,733,320</u>	<u>2,011,936</u>
Net interest payable	5	<u>(252,108)</u>	<u>(312,042)</u>
Profit on ordinary activities before taxation		1,481,212	1,699,894
Taxation	6	<u>(112,263)</u>	<u>(120,718)</u>
Profit for the financial year		1,368,949	1,579,176
Dividends - including non-equity	7	<u>(1,368,949)</u>	<u>(1,579,176)</u>
Transfer to reserves	16	<u>-</u>	<u>-</u>

All of the above results relate to continuing activities.

Statement of total recognised gains and losses

There are no other recognised gains or losses other than those in the profit and loss account above.

Historical cost profits and losses

There is no material difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis.

Joplings Limited

Balance sheet as at 27 March 2004

		2004	2003
	Notes	£	£
FIXED ASSETS			
Tangible assets	8	3,925,703	3,926,411
Investments	9	<u>19,678,264</u>	<u>19,678,264</u>
		<u>23,603,967</u>	<u>23,604,675</u>
CURRENT ASSETS			
Stocks		5,286,451	5,523,411
Debtors	10	5,276,938	5,673,579
Investments	11	2,035	2,660
Cash at bank and in hand		<u>1,880,865</u>	<u>1,092,063</u>
		12,446,289	12,291,713
CREDITORS (due within one year)	12	<u>(20,568,811)</u>	<u>(20,444,943)</u>
NET CURRENT LIABILITIES		<u>(8,122,522)</u>	<u>(8,153,230)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		15,481,445	15,451,445
CREDITORS (due after more than one year)			
Finance lease obligations	13	(13,599)	(32,049)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(289,665)	(241,215)
NET ASSETS		<u>15,178,181</u>	<u>15,178,181</u>
CAPITAL AND RESERVES			
Called up share capital	15	6,100,000	6,100,000
Revaluation reserve	16	7,370,302	7,370,302
Profit and loss account	16	1,707,879	1,707,879
SHAREHOLDERS' FUNDS (EQUITY AND NON-EQUITY)	17	<u>15,178,181</u>	<u>15,178,181</u>
ANALYSIS OF SHAREHOLDERS' FUNDS			
Equity		14,578,181	14,578,181
Non-equity		600,000	600,000
		<u>15,178,181</u>	<u>15,178,181</u>

P J Samuel

J C Jefferson

Directors

Approved by the Board on 24 May 2004

Joplings Limited

Notes to the accounts - 27 March 2004

1 ACCOUNTING POLICIES

a) Basis of accounting

The accounts are prepared under the historical cost convention as modified by the revaluation of investments in subsidiary undertakings and in accordance with applicable accounting standards. The accounts have been prepared using the same accounting policies as in the prior year, with the exception of the accounting policy on revenue recognition (see note 2) following the issue of FRS5 Application Note G : Revenue recognition.

A summary of the more important accounting policies, which have been applied consistently, is set out below:

b) Investment in subsidiary undertakings

Investments in subsidiaries are stated at the book amount of the net assets of those subsidiaries with movements being dealt with through the revaluation reserve. Only dividends received and receivable from subsidiaries are included in the Company's profit and loss account. In accordance with s228 Companies Act 1985 the Company does not prepare group accounts since it is itself a wholly owned subsidiary of Merchant Retail Group plc, a company which prepares group accounts.

c) Turnover

Turnover comprises the value of sales, excluding value added tax, to external customers. Following the issue of FRS5 Application note G : Revenue recognition on 13 November 2003, turnover now excludes the non-commission element of sales made by agencies. Accordingly turnover for the prior year has been restated (see note 2).

d) Depreciation

In 1999/2000 the Company adopted FRS 15: Tangible Fixed Assets and followed the transitional provisions to retain the book value of buildings at the amount to which they were revalued in 1994. The Company no longer has a policy of revaluation. In accordance with FRS 15, these properties are now being depreciated down to estimated residual values over a period of 50 years. Land is not being depreciated.

Plant and machinery is depreciated on a straight line basis at rates sufficient to write off the costs of assets, less any estimated residual value, over their expected useful lives. Different lives are attributed to the various categories of plant and machinery with a maximum of 10 years. Motor vehicles are attributed an expected useful life of 4 years.

e) Leased assets

Assets used by the Company, which have been funded through finance leases, are capitalised and the resulting lease obligations are included in creditors.

Rentals payable under operating leases are charged to the profit and loss account as incurred except where an incentive to sign the lease has been taken, when the incentive is spread on a straight line basis over the lease term or if shorter, the period to the next open market rent review date.

f) Stocks

Stocks comprise goods held for resale and are valued at the lower of cost and net realisable value.

Joplings Limited

Notes to the accounts - 27 March 2004 (continued)

g) 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 tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profit and its results as stated in the financial statements.

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

h) Pension costs

The cost of providing pension benefits is charged to the profit and loss account over the period benefiting from the employees services.

i) Foreign currency

Transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the rates of exchange ruling at the balance sheet date.

j) Related party transactions

The Company is a wholly owned subsidiary of Merchant Retail Group plc and is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Group.

Joplings Limited

Notes to the accounts -27 March 2004 (continued)

2 TURNOVER

	2004 £	2003 £
Sales (including VAT)	52,726,487	55,533,168
VAT	<u>(7,310,817)</u>	<u>(7,737,755)</u>
Turnover prior to restatement	45,415,670	47,795,413
Agency sales less commission	<u>(12,366,443)</u>	<u>(13,034,142)</u>
	<u>33,049,227</u>	<u>34,761,271</u>

In accordance with the requirements of the amendment to FRS5 (Application note G: Revenue recognition) issued on 13 November 2003 turnover now excludes the non-commission element of sales made by agencies. The corresponding adjustment to cost of sales has no effect on reported profits.

All turnover and operating profit resulted from retailing in the United Kingdom.

3 OPERATING PROFIT

The following amounts have been charged in arriving at operating profit:

	2004 £	2003 £
Staff costs (note 3)	6,667,302	6,905,512
Depreciation on owned assets	912,643	917,040
Depreciation on leased assets	24,230	11,700
Operating lease rentals - Plant and machinery	7,052	7,052
Operating lease rentals - Other	93,937	101,518
Auditors' remuneration	23,500	23,400
Other fees paid to auditors	12,850	13,670
Management service fee	450,000	450,000
Group property charge	<u>1,340,000</u>	<u>1,340,000</u>

4 STAFF COSTS

	2004 £	2003 £
Total payroll costs were:		
Wages and salaries	5,993,478	6,273,952
Social security costs	429,459	399,880
Other pension costs	<u>244,365</u>	<u>231,680</u>
	<u>6,667,302</u>	<u>6,905,512</u>
	number	number

The average monthly number of people employed by the Company during the year was:

Total	<u>702</u>	<u>738</u>
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Joplings Limited

Notes to the accounts -27 March 2004 (continued)

4 STAFF COSTS (continued)

The emoluments of the directors, including pension contributions, were as follows:

	2004 £	2003 £
Directors' remuneration:		
- Remuneration	414,880	352,285
- Pension contributions	50,868	39,817
	<u>465,748</u>	<u>392,102</u>

Pension contributions of £50,868 (2003 - £39,817) were paid on behalf of 5 (2003 - 4) directors. J C Jefferson has a personal pension plan into which the Company pays contributions. Other payments are made to defined benefit schemes.

P Newton, J P Seigal and C Lamont are remunerated for their services to Merchant Retail Group plc and their emoluments are shown in the financial statements of that company.

The emoluments and pension arrangements of the highest paid director, P J Samuel, were as follows:

	2004 £	2003 £
- Remuneration	122,722	119,677
- Pension contributions	15,300	15,000
	<u>138,022</u>	<u>134,677</u>

5 NET INTEREST PAYABLE

	2004 £	2003 £
Interest payable		
Interest payable to group undertakings	(510,700)	(580,707)
Interest payable on hire purchase and finance leases	(2,926)	(2,503)
Other interest payable	(138)	-
	<u>(513,764)</u>	<u>(583,210)</u>
Interest receivable		
Interest receivable from group undertakings	259,893	271,146
Other interest receivable	1,763	22
	<u>261,656</u>	<u>271,168</u>
Net interest payable	<u>(252,108)</u>	<u>(312,042)</u>

Joplings Limited

Notes to the accounts -27 March 2004 (continued)

6 TAXATION

	2004 £	2003 £
a) Analysis of charge in the year		
The taxation charge based on the profit for the year at 30% (2003: 30%) comprises:		
UK corporation tax		
Current year	107,525	182,099
Prior years	(43,712)	-
Current tax charge for the year (note 6b)	<u>63,813</u>	<u>182,099</u>
Deferred tax		
Current year	(15,329)	(61,978)
Prior years	63,779	597
Total deferred tax charge for the year (note 14)	<u>48,450</u>	<u>(61,381)</u>
Total tax charge	<u><u>112,263</u></u>	<u><u>120,718</u></u>

b) Factors affecting the tax charge for the period

The tax charge for the year is lower than the standard rate of corporation tax in the UK (30%) for the following reasons:

Profit on ordinary activities before taxation	<u>1,481,212</u>	<u>1,699,894</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003 - 30%)	444,364	509,968
Effects of:		
Dividends received from UK subsidiary companies	(410,827)	(407,053)
Permanent differences	58,659	17,206
Capital allowances for the year being less than depreciation	15,329	61,978
Adjustments in respect of prior years	(43,712)	-
Current tax charge for the year (note 6a)	<u><u>63,813</u></u>	<u><u>182,099</u></u>

7 DIVIDENDS PAYABLE

	2004 £	2003 £
Non-equity		
Preference dividends: 13.0p (2003 - 13.0p) per £1 share	78,000	78,000
Equity		
Proposed final ordinary dividend: 5.87p (2003 - 6.82p) per £0.25 share	1,290,949	1,501,176
	<u><u>1,368,949</u></u>	<u><u>1,579,176</u></u>

Joplings Limited

Notes to the accounts - 27 March 2004 (continued)

8 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Plant and Machinery	Total
	£	£	£
COST			
At 30 March 2003	110,000	13,512,454	13,622,454
Additions	-	936,165	936,165
At 27 March 2004	<u>110,000</u>	<u>14,448,619</u>	<u>14,558,619</u>
AGGREGATE DEPRECIATION			
At 30 March 2003	(1,320)	(9,694,723)	(9,696,043)
Charge for the year	(660)	(936,213)	(936,873)
At 27 March 2004	<u>(1,980)</u>	<u>(10,630,936)</u>	<u>(10,632,916)</u>
NET BOOK AMOUNTS			
At 27 March 2004	<u>108,020</u>	<u>3,817,683</u>	<u>3,925,703</u>
At 29 March 2003	<u>108,680</u>	<u>3,817,731</u>	<u>3,926,411</u>

The net book value of motor vehicles includes an amount of £49,209 in respect of assets held under finance leases (2003: £73,439) and on which the depreciation charge for the year was £24,230 (2003: £11,700).

9 FIXED ASSET INVESTMENTS

Investments in group undertakings	£
Valuation at 29 March 2003 and 27 March 2004	<u>19,678,264</u>

The historical cost of investments in group undertakings is £8,862,116 (2003: £8,862,116).

In the opinion of the directors, the value of the Company's investments in its subsidiary undertakings is not less than the amount stated above. The principal wholly owned subsidiary undertakings of the Company are set out below.

Company	Nature of business	Country of operation
Chantlee Properties Limited	Property holding company	UK
Joplings Financial Services Limited	Finance company	UK

All the above companies are registered in England.

Joplings Limited

Notes to the accounts - 27 March 2004 (continued)

	2004 £	2003 £
10 DEBTORS (receivable within one year)		
Amounts owed by subsidiary undertakings	4,661,464	5,303,135
Other debtors	158,780	38,245
Prepayments and accrued income	456,694	332,199
	<u>5,276,938</u>	<u>5,673,579</u>

	2004 £	2003 £
11 INVESTMENTS		
Unlisted investments at cost	<u>2,035</u>	<u>2,660</u>

	2004 £	2003 £
12 CREDITORS (due within one year)		
Trade creditors	3,711,175	3,143,693
Amounts owed to parent undertaking	5,144,060	7,074,750
Amounts owed to subsidiary undertakings	10,086,786	9,041,054
Corporation tax	369,440	380,393
Other taxes and social security	378,852	452,331
Finance lease obligations	18,275	26,495
Other creditors and accruals	860,223	326,227
	<u>20,568,811</u>	<u>20,444,943</u>

Bank loans and overdrafts are secured by specific charges on certain freehold properties owned by a subsidiary undertaking and by a floating charge on fixtures and fittings and all other assets of other subsidiary undertakings.

Joplings Limited

Notes to the accounts - 27 March 2004 (continued)

13 FINANCE LEASE OBLIGATIONS	2004 £	2003 £
Finance lease obligations repayable:		
Between one and two years	13,599	18,080
Between two and five years	-	13,969
	<u>13,599</u>	<u>32,049</u>

14 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Tax £
At 30 March 2003	241,215
Deferred tax transfer to profit and loss account (note 6a)	48,450
At 27 March 2004	<u>289,665</u>

The deferred tax provision at the start and end of the year relates wholly to accelerated capital allowances.

Joplings Limited

Notes to the accounts - 27 March 2004 (continued)

15 CALLED UP SHARE CAPITAL

	Authorised		Allotted and fully paid	
	2004	2003	2004	2003
	£	£	£	£
Equity				
Ordinary shares of £0.25 each	5,500,000	5,500,000	5,500,000	5,500,000
Non-equity				
13% cumulative preference shares of £1 each	600,000	600,000	600,000	600,000
	<u>6,100,000</u>	<u>6,100,000</u>	<u>6,100,000</u>	<u>6,100,000</u>

The rights of the 13% cumulative preference shares are:

Dividends are payable at a rate of 13% on the amounts paid up on the shares and in priority to any payment to the holders of any other class of share.

The shares have no redemption rights.

On a winding up, the shareholder will be entitled to a repayment of the capital paid up on the shares together with any deficiency or arrears of dividend and a premium. The premium is the greater of either 10p or the average of the market value in excess of the nominal value of the shares taken in a three month period 30 days before the notice to convene the general meeting of the Company to consider the return of the capital.

The shares do not entitle the holders to any voting rights unless:

- (i) the dividend is six months in arrears, or
- (ii) the business of the meeting includes the consideration for the reduction of the capital of the Company, the winding up of the Company or the varying of rights of the shares.

16 RESERVES

	Revaluation reserve	Profit and loss account
	£	£
At 30 March 2003 and 27 March 2004	<u>7,370,302</u>	<u>1,707,879</u>

Joplings Limited

Notes to the accounts - 27 March 2004 (continued)

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit on ordinary activities after taxation	1,368,949	1,579,176
Dividend	(1,368,949)	(1,579,176)
Net change in shareholders' funds	-	-
Opening shareholders' funds	15,178,181	15,178,181
Closing shareholders' funds	15,178,181	15,178,181

Shareholders' funds include non-equity interests of £600,000 (2003 - £600,000).

18 OPERATING LEASE COMMITMENTS

The minimum annual rental commitments at 27 March 2004 in respect of non-cancellable operating leases were:

	Land and Buildings		Other	
	2004 £	2003 £	2004 £	2003 £
Leases expiring:				
Within one year	7,052	-	26,784	41,879
Between one and five years	-	-	53,808	59,639
Over five years	-	7,052	-	-
	<u>7,052</u>	<u>7,052</u>	<u>80,592</u>	<u>101,518</u>

19 CONTINGENT LIABILITIES

The Company together with other group undertakings, has given guarantees in respect of bank overdrafts in the name of group undertakings. At 27 March 2004, these overdrafts amounted in total to £7,179,217 (2003: £12,995,411).

Joplings Limited

Notes to the accounts - 27 March 2004 (continued)

20 PENSION COMMITMENTS

The Company participates in pension arrangements provided on a group basis.

Merchant Retail Group plc operates a defined benefit pension scheme covering the executive directors and certain of its employees, the assets of which are held in a separate trustee administered fund. It is subject to an independent valuation at least every three years on the basis of which a qualified actuary certifies the rate of the employer's contributions.

There is no difference between the charge to the profit and loss account and the contributions paid in the current year.

The Company is unable to identify its share of the underlying assets and liabilities of the group scheme. Therefore in accordance with FRS 17 the Company has accounted for the contributions to the scheme as if they were a defined contribution scheme. The detailed disclosures required by FRS 17 have been included within the financial statements of the ultimate parent company, Merchant Retail Group plc.

The above defined benefit scheme was closed to new members from 1 April 2001. All new employees are given the opportunity to join a money purchase scheme. The Company makes a contribution, the level of which depends on the seniority of the employee.

21 EXEMPTION FROM PREPARING CASH FLOW STATEMENT

A Cash Flow Statement has not been prepared, as the Company's ultimate parent company, Merchant Retail Group plc, has prepared a consolidated cash flow statement in accordance with the revised Financial Reporting Standard 1.

22 ULTIMATE HOLDING COMPANY

The Company's parent undertaking and controlling party is Merchant Retail Group plc which is registered in England and which prepares group accounts. A copy of these accounts can be obtained from the registered office at:

Cypress House
The Gateway Centre
Coronation Road
Cressex Business Park
High Wycombe
Bucks. HP12 3SU