

Cotswold Outdoor Limited

Financial statements

For the 52 weeks from 29 December 2003 to
26 December 2004

Grant Thornton 



Company No. 3382348

Company information

Company registration number

3382348

Registered office

Unit 11
Kemble Business Park
Crudwell
Malmesbury
Wiltshire
SN16 9SH

Directors

E P Y Lathouwers
J L Falkenburg
C Olbrechts
P De Waha
F Leflot
P Lathouwers

Secretary

J P Stansfield

Bankers

Barclays Bank plc
40-46 High Street
Maidstone
Kent
ME14 1TW

Solicitors

Osborne Clarke
Apex Plaza
Forbury Road
Reading
Berkshire
RG1 1AX

Auditors

Grant Thornton UK LLP
Chartered Accountants
Registered Auditors
The Quadrangle
Imperial Square
Cheltenham
GL50 1PZ

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Chief executive statement

I am delighted once more to be able to report excellent trading results for 2004, a year which saw the thirtieth anniversary of the founding of our company. In financial terms we achieved an operating profit of £1,842k representing an increase of 44% over 2003. Net assets increased by £595k to £5,551k.

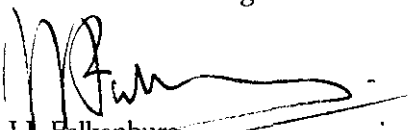
The year started with excellent like for like sales increases. In comparison to 2003, the summer and autumn with its wet weather pattern saw a distinct improvement in the outerwear categories whilst tents and camping sales were somewhat subdued. The slowdown in the housing market and increases in interest rates do appear to be having a negative impact on trade. We nevertheless look forward to a successful 2005 through exerting tight control over stock, the selection of exciting outdoor and travel ranges and supporting them with focussed marketing programmes.

We opened one store during the year in the West End of London close to Piccadilly Circus in July. Total store numbers at the year end were fifteen.

We have continued to develop the B2C and B2B elements of the business. We plan to continue to improve the underlying functionality and processing capabilities of the web site during 2005. We recognise that we must be driven by offering the best levels of service to our existing customers to retain their custom and to help us to expand our customer base.

Our staff are an integral part of our success and we are increasing our investment in training to develop and refine their skillset. Their determination to provide the best quality of service, product and choice to our customers is a tribute to their commitment to the success of this business.

We look forward to further success in 2005 through continuing to meet our customer's aspirations in their travels and exploration of the outdoors throughout the world. To assist our growth we are expanding our central warehouse to enable us to manage the planned growth in our retail estate. We aim this year to open a further five stores. We have also undertaken a new venture as part of the recently opened Manchester Climbing Centre.



J. L. Falkenburg
Chief Executive

Report of the directors

The directors present their report and the financial statements of the company for the 52 weeks from 29 December 2003 to 26 December 2004.

Under the provisions of section 223 of the Companies Act 1985 the directors have prepared accounts to 26 December 2004 rather than the accounting reference date of 31 December 2004.

Principal activities and business review

The principal activity of the company during the year was the retailing of outdoor pursuits clothing and equipment.

Results and dividends

The trading results for the 52 weeks and the company's financial position at the end of the 52 weeks are shown in the attached financial statements.

The directors have recommended the following dividends:

	Period from 29 December 2003 to 26 December 2004	Period from 30 December 2002 to 28 December 2003
	£000	£000
Dividends paid on ordinary shares	600	414

Directors

The directors who served the company during the 52 weeks were as follows:

E P Y Lathouwers
J L Falkenburg
C Olbrechts
P De Waha
F Leflot
P Lathouwers

No director held an interest in the shares of the company as at 26 December 2004 or 29 December 2003, nor any right to subscribe for shares.

C Olbrechts was appointed as a director on 20 December 2004.

P De Waha was appointed as a director on 20 December 2004.

F Leflot was appointed as a director on 30 November 2004.

P Lathouwers was appointed as a director on 20 December 2004.

Directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the 52 weeks and of the profit or loss for the 52 weeks then ended. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

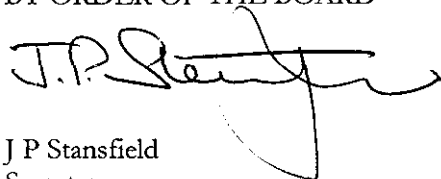
Employee involvement

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Auditors

A resolution to re-appoint Grant Thornton UK LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



J P Stansfield
Secretary

25/04/05

Report of the independent auditors to the member of Cotswold Outdoor Limited

We have audited the financial statements of Cotswold Outdoor Limited for the 52 weeks from 29 December 2003 to 26 December 2004 which comprise the principal accounting policies, profit and loss account, balance sheet, cash flow statement and notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the report of the directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Chief Executive Statement and the report of the directors and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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.

Report of the independent auditors to the member of Cotswold Outdoor Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 26 December 2004 and of its profit for the 52 weeks then ended, and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

CHELTENHAM

25/04/05

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Consolidation

As both of the company's subsidiary undertakings were dormant in the current and preceding accounting period, the company is not required to produce, and has not published, consolidated accounts.

Turnover

The turnover shown in the profit and loss account represents amounts receivable for goods provided during the period, exclusive of Value Added Tax.

Goodwill

Purchased Goodwill is amortised on a straight-line basis over its estimated useful economic life of 20 years.

Patents and trademarks

Patents and trademarks purchased separately from a business are included at cost and amortised over their expected useful economic life of ten years.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	-	2% straight line
Leasehold Improvements	-	over the period of the lease
Fixtures & Fittings	-	20 - 50% straight line
Motor Vehicles	-	25% straight line
Computer Equipment	-	33.3% straight line

Stocks

Stocks are stated at the lower of weighted average cost and net realisable value.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Retirement benefits

Defined contribution pension scheme

The company operates one stakeholder pension scheme for the benefit of the employees and two defined contribution pension schemes for the benefit of managers and directors. The assets of the scheme are administered by trustees in funds independent from those of the company.

Deferred taxation

Deferred tax is recognised in respect of all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date.

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.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the profit and loss account.

Profit and loss account

	Note	Period to 26 Dec 04 £000	Period to 28 Dec 03 £000
Turnover	1	26,142	21,953
Cost of sales		(21,223)	(17,506)
Gross profit		4,919	4,447
Other operating charges	2	(3,077)	(3,169)
Operating profit	3	1,842	1,278
Interest receivable		6	10
Interest payable and similar charges	6	(18)	(24)
Profit on ordinary activities before taxation		1,830	1,264
Tax on profit on ordinary activities	7	(635)	(387)
Profit on ordinary activities after taxation		1,195	877
Dividends	8	(600)	(414)
Retained profit for the financial 52 weeks	22	595	463


All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the 52 weeks as set out above.

Balance sheet

	Note	26 Dec 04 £000	28 Dec 03 £000
Fixed assets			
Intangible assets	9	1,456	1,567
Tangible assets	10	3,069	3,257
Investments	11	—	—
		<u>4,525</u>	<u>4,824</u>
Current assets			
Stocks	12	4,643	3,639
Debtors	13	956	739
Cash at bank and in hand		—	5
		<u>5,599</u>	<u>4,383</u>
Creditors: amounts falling due within one year	14	<u>4,406</u>	<u>4,110</u>
Net current assets		<u>1,193</u>	<u>273</u>
Total assets less current liabilities		<u>5,718</u>	<u>5,097</u>
Creditors: amounts falling due after more than one year	15	<u>41</u>	<u>49</u>
		<u>5,677</u>	<u>5,048</u>
Provisions for liabilities and charges			
Other provisions	18	126	92
		<u>5,551</u>	<u>4,956</u>
Capital and reserves			
Called-up equity share capital	21	3,626	3,626
Profit and loss account	22	1,925	1,330
Shareholder's funds	23	<u>5,551</u>	<u>4,956</u>

These financial statements were approved by the directors on 25/04/05 and are signed on their behalf
by:


J L Falkenburg

Cash flow statement

	Note	Period to 26 Dec 04 £000	Period to 28 Dec 03 £000
Net cash inflow from operating activities	24	1,524	1,508
Returns on investments and servicing of finance			
Interest received		6	10
Interest paid		(8)	(10)
Interest element of finance leases and hire purchase		(10)	(14)
Net cash outflow from returns on investments and servicing of finance		(12)	(14)
Taxation		(647)	-
Capital expenditure			
Payments to acquire intangible fixed assets		(5)	(6)
Payments to acquire tangible fixed assets		(612)	(1,429)
Receipts from sale of fixed assets		4	24
Net cash outflow from capital expenditure		(613)	(1,411)
Equity dividends paid		(600)	(414)
Cash outflow before financing		(348)	(331)
Financing			
Repayment of long-term amounts owed to group undertakings		-	(207)
Capital element of finance leases and hire purchase		(15)	(15)
Net cash outflow from financing		(15)	(222)
Decrease in cash	24	(363)	(553)

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.
 An analysis of turnover is given below:

	Period to 26 Dec 04	Period to 28 Dec 03
	£000	£000
United Kingdom	25,759	21,378
Overseas	383	575
	<u>26,142</u>	<u>21,953</u>

2 Other operating charges

	Period to 26 Dec 04	Period to 28 Dec 03
	£000	£000
Administrative expenses	<u>3,077</u>	<u>3,169</u>

3 Operating profit

Operating profit is stated after charging/(crediting):

	Period to 26 Dec 04	Period to 28 Dec 03
	£000	£000
Amortisation	116	116
Depreciation of owned fixed assets	659	506
Depreciation of assets held under finance leases and hire purchase agreements	29	21
Profit on disposal of fixed assets	(1)	(8)
Auditors' remuneration:		
Audit fees	15	19
Accountancy fees	4	2
Operating lease costs:		
Land and buildings	<u>1,350</u>	<u>911</u>

4 Particulars of employees

The average number of staff employed by the company during the financial 52 weeks amounted to:

	Period to 26 Dec 04	Period to 28 Dec 03
	No	No
Selling and distribution	335	302
Administration	64	58
	<u>399</u>	<u>360</u>

The aggregate payroll costs of the above were:

	Period to 26 Dec 04	Period to 28 Dec 03
	£000	£000
Wages and salaries	3,921	3,364
Social security costs	307	268
Other pension costs	53	73
	<u>4,281</u>	<u>3,705</u>

In respect of the defined contribution scheme, there was an outstanding contribution balance of £11,748 at 26 December 2004 (28 December 2003: £nil).

5 Directors

Remuneration in respect of directors was as follows:

	Period to 26 Dec 04	Period to 28 Dec 03
	£000	£000
Emoluments receivable	150	131
Value of company pension contributions to money purchase schemes	21	21
Compensation for loss of directorship	—	34
	<u>171</u>	<u>186</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	Period to 26 Dec 04	Period to 28 Dec 03
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

6 Interest payable and similar charges

	Period to 26 Dec 04	Period to 28 Dec 03
	£000	£000
Interest payable on bank borrowing	6	3
Finance charges	10	14
Interest payable to group undertakings	2	7
	<u>18</u>	<u>24</u>

7 Taxation on ordinary activities

(a) Analysis of charge in the 52 weeks

	Period to 26 Dec 04	Period to 28 Dec 03
	£000	£000
Current tax:		
In respect of the 52 weeks:		
UK Corporation tax based on the results for the 52 weeks at 30% (2003 - 30%)	664	372
Total current tax	<u>664</u>	<u>372</u>
Deferred tax:		
Origination and reversal of timing differences	(29)	15
Tax on profit on ordinary activities	<u>635</u>	<u>387</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the 52 weeks is higher than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

	Period to 26 Dec 04	Period to 28 Dec 03
	£000	£000
Profit on ordinary activities before taxation	<u>1,830</u>	<u>1,264</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 30% (28 December 2003: 30%)	549	379
Expenses not deductible for tax purposes	90	72
Depreciation in excess of capital allowances for the period	36	28
Short term timing differences	1	(62)
Utilisation of tax losses	(12)	(45)
Total current tax (note 7(a))	<u>664</u>	<u>372</u>

8 Dividends

	Period to 26 Dec 04 £000	Period to 28 Dec 03 £000
Equity dividends:		
Dividend paid on ordinary shares of 0.17p (2003: 0.11p) per share	<u>600</u>	<u>414</u>

9 Intangible fixed assets

	Goodwill £000	Patents and trademarks £000	Total £000
Cost			
At 29 December 2003	5,347	10	5,357
Additions	<u>—</u>	<u>5</u>	<u>5</u>
At 26 December 2004	<u>5,347</u>	<u>15</u>	<u>5,362</u>
Amortisation			
At 29 December 2003	3,790	—	3,790
Charge for the 52 weeks	<u>116</u>	<u>—</u>	<u>116</u>
At 26 December 2004	<u>3,906</u>	<u>—</u>	<u>3,906</u>
Net book value			
At 26 December 2004	<u>1,441</u>	<u>15</u>	<u>1,456</u>
At 28 December 2003	<u>1,557</u>	<u>10</u>	<u>1,567</u>

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10 Tangible fixed assets

	Freehold Property £000	Leasehold improve- ments £000	Fixtures & Fittings £000	Motor Vehicles £000	Computer equipment £000	Total £000
Cost						
At 29 Dec 2003	443	1,869	2,245	65	1,163	5,785
Additions	—	281	187	—	144	612
Disposals	—	—	(18)	—	—	(18)
Amounts written off	—	(126)	—	—	—	(126)
At 26 Dec 2004	<u>443</u>	<u>2,024</u>	<u>2,414</u>	<u>65</u>	<u>1,307</u>	<u>6,253</u>
Depreciation						
At 29 Dec 2003	57	509	1,021	32	909	2,528
Charge for the 52 weeks	9	123	388	10	158	688
On disposals	—	—	(15)	—	—	(15)
Amounts written back	—	(17)	—	—	—	(17)
At 26 Dec 2004	<u>66</u>	<u>615</u>	<u>1,394</u>	<u>42</u>	<u>1,067</u>	<u>3,184</u>
Net book value						
At 26 Dec 2004	<u>377</u>	<u>1,409</u>	<u>1,020</u>	<u>23</u>	<u>240</u>	<u>3,069</u>
At 28 Dec 2003	<u>386</u>	<u>1,360</u>	<u>1,224</u>	<u>33</u>	<u>254</u>	<u>3,257</u>

Included within the net book value of £3,069,000 is £72,000 (2003 - £77,000) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the 52 weeks in respect of such assets amounted to £29,000 (2003 - £21,000).

11 Investments

	Shares in group undertakings £000
Cost	
At 29 December 2003 and 26 December 2004	<u>1,342</u>
Amounts written off	
At 29 December 2003 and 26 December 2004	<u>1,342</u>
Net book value	
At 28 December 2003 and 26 December 2004	<u>—</u>

11 Investments (continued)

At 26 December 2004 the company held more than 20% of the allotted share capital of the following undertakings:

	Country of registration	Class of share capital held	Proportion held	Nature of business	Capital and reserves £'000	Profit for the year £'000
Cotswold Camping Limited	England	Ordinary	100%	Dormant	—	—
AS Adventure (UK) Limited	England	Ordinary	100%	Dormant	(26)	—

12 Stocks

	26 Dec 04 £000	28 Dec 03 £000
Goods for resale	4,625	3,615
Non-trading stock	18	24
	<u>4,643</u>	<u>3,639</u>

13 Debtors

	26 Dec 04 £000	28 Dec 03 £000
Trade debtors	165	130
Amounts owed by group undertakings	26	26
Taxation recoverable (see note 17)	55	26
Other debtors	83	119
Prepayments and accrued income	627	438
	<u>956</u>	<u>739</u>

14 Creditors: amounts falling due within one year

	26 Dec 04 £000	28 Dec 03 £000
Bank loans and overdrafts	495	137
Trade creditors	2,083	2,107
Amounts owed to group undertakings	—	221
Corporation tax	355	372
Other taxation and social security	525	396
Amounts due under finance leases and hire purchase agreements	17	24
Other creditors	154	147
Accruals and deferred income	777	706
	<u>4,406</u>	<u>4,110</u>

14 Creditors: amounts falling due within one year (continued)

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	26 Dec 04	28 Dec 03
	£000	£000
Bank loans and overdrafts	495	137
Amounts due under finance leases and hire purchase agreements	17	24
	<u>512</u>	<u>161</u>

15 Creditors: amounts falling due after more than one year

	26 Dec 04	28 Dec 03
	£000	£000
Amounts due under finance leases and hire purchase agreements	41	49
Amounts due under finance leases and hire purchase agreements are secured against the assets to which they relate.		

16 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements are as follows:

	26 Dec 04	28 Dec 03
	£000	£000
Amounts payable within 1 year	17	24
Amounts payable between 1 and 2 years	13	15
Amounts payable between 3 and 5 years	28	33
Amounts payable after more than 5 years	—	1
	<u>58</u>	<u>73</u>

17 Deferred taxation

The deferred tax included in the Balance sheet is as follows:

	2004	2003
	£	£
Included in debtors (note 13)	<u>55</u>	<u>26</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	26 Dec 04	28 Dec 03
	£000	£000
Provided		
Accelerated capital allowances	48	20
Other timing differences	7	6
	<u>55</u>	<u>26</u>
Unprovided		
Losses	<u>399</u>	<u>411</u>

18 Other provisions

	26 Dec 04 £000
Commitments under leasehold agreements:	
At 29 December 2003	58
Provided during the period	12
Reversed during the period	(50)
	<u>20</u>
At 26 December 2004	<u>20</u>
Other provisions:	
At 29 December 2003	34
Provided during the period	106
Reversed during the period	(34)
	<u>106</u>
At 26 December 2004	<u>106</u>
Total provisions	
At 26 December 2004	<u>126</u>
At 28 December 2003	<u>92</u>

Other provisions consist of provisions for customer returns, the termination of a contract and restructuring. These provisions are expected to be utilised during the current accounting period.

19 Leasing commitments

At 26 December 2004 the company had annual commitments under non-cancellable operating leases as set out below.

	26 Dec 04		28 Dec 03	
	Land & Buildings £000	Other Items £000	Land & Buildings £000	Other Items £000
Operating leases which expire:				
Within 1 year	13	18	–	4
Within 2 to 5 years	48	55	53	42
After more than 5 years	1,413	–	1,098	–
	<u>1,474</u>	<u>73</u>	<u>1,151</u>	<u>46</u>

20 Related party transactions

During the year the company entered into transactions with its immediate parent undertaking A.S. Lathouwers nv which is incorporated in Belgium. The company made purchases from A.S. Lathouwers nv of £5,387. The company also incurred management charges from and paid dividends to AS Lathouwers nv of £60,000 and £600,000 respectively. There were no amounts due to or from AS Lathouwers nv at 26 December 2004.

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21 Share capital

Authorised share capital:

	26 Dec 04	28 Dec 03
	£000	£000
384,035,000 Ordinary shares of £0.01 each	<u>3,840</u>	<u>3,840</u>

Allotted, called up and fully paid:

	26 Dec 04		28 Dec 03	
	No	£000	No	£000
Ordinary shares of £0.01 each	362,569,578	3,626	362,569,578	3,626

22 Reserves

	Profit and loss account
	£000
At 29 December 2003	<u>1,330</u>
Retained profit for the 52 weeks	<u>595</u>
At 26 December 2004	<u>1,925</u>

23 Reconciliation of movements in shareholder's funds

	26 Dec 04	28 Dec 03
	£000	£000
Profit for the financial 52 weeks	<u>1,195</u>	<u>877</u>
Dividends	<u>(600)</u>	<u>(414)</u>
	<u>595</u>	<u>463</u>
Opening shareholder's equity funds	<u>4,956</u>	<u>4,493</u>
Closing shareholder's equity funds	<u>5,551</u>	<u>4,956</u>

24 Notes to the statement of cash flows

**Reconciliation of operating profit to net cash inflow from
operating activities**

	Period to 26 Dec 04	Period to 28 Dec 03
	£000	£000
Operating profit	<u>1,842</u>	<u>1,278</u>
Amortisation	<u>116</u>	<u>116</u>
Depreciation	<u>688</u>	<u>527</u>
Write off of amounts previously capitalised	<u>109</u>	<u>-</u>
Profit on disposal of fixed assets	<u>(1)</u>	<u>(8)</u>
Increase in stocks	<u>(1,004)</u>	<u>(600)</u>
Increase in debtors	<u>(222)</u>	<u>(208)</u>
(Decrease)/increase in creditors	<u>(38)</u>	<u>442</u>
Increase/(decrease) in provisions	<u>34</u>	<u>(39)</u>
Net cash inflow from operating activities	<u>1,524</u>	<u>1,508</u>

24 Notes to the statement of cash flows (continued)

Reconciliation of net cash flow to movement in net debt

	26 Dec 04	28 Dec 03
	£000	£000
Decrease in cash in the period	(363)	(553)
Net cash outflow from long-term amounts owed to group undertakings	–	207
Cash outflow in respect of finance leases and hire purchase	15	15
	(348)	(331)
New finance leases taken out	–	(20)
Change in net debt	(348)	(351)
Net debt at 29 December 2003	(205)	146
Net debt at 26 December 2004	(553)	(205)

Analysis of changes in net debt

	At 29 Dec 2003	Cash flows	At 26 Dec 2004
	£000	£000	£000
Net cash:			
Cash in hand and at bank	5	(5)	–
Overdrafts	(137)	(358)	(495)
	(132)	(363)	(495)
Debt:			
Finance leases and hire purchase agreements	(73)	15	(58)
Net debt	(205)	(348)	(553)

25 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £2,000 (2003 - £13,000).

26 Ultimate parent company

A.S. Lathouwers nv, which is a joint venture between S.D.M. nv and Retail Partners bv, is this company's controlling related party by virtue of its 100% shareholding of the issued share capital of the company. Retail Partners bv is ultimately controlled by Mitiska nv, which has a 50.5% holding in that company. The ultimate controlling related party of S.D.M nv is Emiel Lathouwers.

The largest group of undertakings for which group accounts have been drawn up is that headed by Mitiska nv which is incorporated in Belgium and the smallest such group of undertakings, including this company, is that headed by A.S.Lathouwers nv which is incorporated in Belgium. Copies of the group accounts can be obtained at Mitiska nv, Industrielaan, 1740 Ternat, Brussels, Belgium.