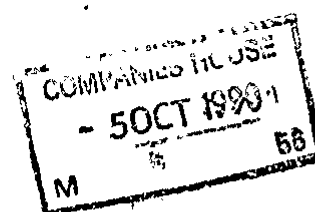


53257

MAPPIN & WEBB LIMITED

ACCOUNTS
FOR THE 53 WEEKS ENDED
3RD FEBRUARY 1990



MAPPIN & WEBB LIMITED

Directors

G. MAITLAND SMITH (Chairman)
J. M. PICKARD
E. M. GREEN
D. C. BECKETT
P. S. CLAYMAN
A. G. SMITH
T. C. GOLDSTAUB

Secretary

M. J. REID

REPORT OF THE DIRECTORS

Trading Activities

The principal activity of the company is that of retail jewellers and silversmiths.

Trading Results and Dividends

The trading results for the period and the proposed dividend are set out in the profit and loss account on Page 5.

The results for the period are considered to be satisfactory and future prospects reasonable but like most retailers so much depends upon economic conditions and the level of consumer spending.

Directors

Mr A. G. Smith and Mr T. C. Goldstaub were appointed as Directors on 1st June 1989.

Mr D. M. Jones resigned as Director on 30th March 1990.

Directors' Interests

There were no contracts of significance subsisting during or at the end of the financial year with the company in which any director of the company was or is materially involved. The interests of directors of the company in shares of the company, and other companies in the group of which the company is a member, according to the appropriate register kept by the company, are set out in Note 17 on page 13.

Tangible Fixed Assets

The movements on tangible fixed assets during the period are set out in Note 5 to the accounts on Page 9.

MAFFIN & WEBB LIMITED

REPORT OF THE DIRECTORS

Disabled Persons

It is the policy of the company to support the employment of disabled persons wherever practicable and to ensure that as far as possible they share in the training, career development and promotional opportunities available to all employees.

Staff Information and Consultation

Staff are kept fully informed of matters of interest through a staff magazine, notice boards and staff handbook. A two-way process of informing and consulting staff operates through the line management structure. Staff can participate in the performance of the Sears plc Group through a savings related share option scheme and where appropriate sales staff receive commission on sales.

Auditors

The Auditors, Price Waterhouse, have expressed their willingness to be reappointed.

By Order of the Board



M J REID
Secretary

106 Regent Street
LONDON W1R 6JH

3rd May 1990

AUDITORS' REPORT TO THE MEMBERS OF
MAPPIN & WEBB LIMITED

We have audited the financial statements on Pages 4 to 14 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 3rd February 1990 and of its profit and source and application of funds for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants,
Southwark Towers,
32, London Bridge Street,
LONDON, SE1 9SY

3rd May 1990

MAPPIN & WEBB LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE 53 WEEKS ENDED 3rd FEBRUARY 1990

<u>SOURCE OF FUNDS</u>	£	<u>1990</u>	£	52 weeks ended 28th January 1989
				£
Profit on ordinary activities before taxation			647,280	698,608
Extraordinary Item (gross)			(37,235)	(170,070)
Adjustment for items not involving the movement of funds:-				
Depreciation	447,941			326,924
Net (profit)/loss on disposal of tangible fixed assets	(15,863)	432,078	47,860	374,784
Total generated from ordinary activities		1,042,123		903,322
Other sources of funds				
Proceeds of disposal of tangible fixed assets		261,044		420,221
		1,303,167		1,323,543
<u>APPLICATION OF FUNDS</u>				
Dividend paid	357,145		318,538	
Group transfers of fixed assets	6,463		(12,304)	
Additions to tangible fixed assets	623,379		1,263,420	
		986,987		1,569,654
		£ 316,180		£ (246,111)
		=====		=====
<u>INCREASE/(DECREASE) IN WORKING CAPITAL</u>				
Stocks	(203,131)		(1,821,001)	
Debtors	(1,235,781)		(28,912)	
Cash at bank and in hand	2,029,342		(1,048,824)	
Creditors	(274,250)		2,652,426	
		£ 316,180		£ (246,111)
		=====		=====

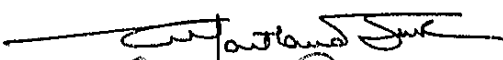
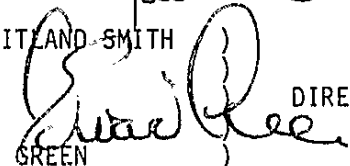
MAPPIN & WEBB LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE 53 WEEKS ENDED 3rd FEBRUARY 1990

		<u>1990</u>	<u>52 weeks ended 28th January 1989</u>
	<u>Notes</u>	£	£
Turnover	2	24,466,069	23,608,698
Cost of sales		(21,788,136) -----	(21,484,877) -----
<u>Gross profit</u>		2,677,933	2,123,821
Distribution costs		(130,051)	(131,932)
Administrative expenses		(2,182,508) -----	(1,756,930) -----
<u>Operating profit</u>		365,374	234,959
Other interest receivable and similar income		292,900	506,836
Interest payable and similar charges		(10,994) -----	(43,187) -----
<u>Profit on ordinary activities before taxation</u>	2	647,280	698,608
Tax on profit on ordinary activities	3	(265,900) -----	(217,000) -----
<u>Profit on ordinary activities after taxation</u>		381,380	481,608
Extraordinary item	4	(24,235) -----	(163,070) -----
<u>Profit for the financial year</u>		357,145	318,538
Dividend on ordinary shares - proposed		£ (357,145) =====	£ (318,538) =====

MAPPIN & WEBB LIMITED
BALANCE SHEET AT 3rd FEBRUARY 1990

	Notes	£	<u>1990</u>	£	<u>1989</u>
					£
<u>FIXED ASSETS</u>					
Tangible assets	5		2,988,911		3,052,191
Investments - shares in group company	8		269,788		269,788
			<u>3,258,699</u>		<u>3,321,979</u>
<u>CURRENT ASSETS</u>					
Stocks	9	12,731,905			12,935,036
Debtors	10	4,413,706			5,640,387
Cash at bank and in hand		3,106,199			1,076,857
		<u>20,251,810</u>			<u>19,652,280</u>
<u>CREDITORS</u> (amounts falling due within one year)	11	(21,511,929)			(20,975,679)
<u>NET CURRENT LIABILITIES</u>			(1,260,119)		(1,323,399)
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			£ 1,998,580		£ 1,998,580
			<u>=====</u>		<u>=====</u>
<u>CAPITAL AND RESERVES</u>					
Called up share capital	12		500,000		500,000
Revaluation reserve	13		819,162		819,162
Profit and loss account	13		679,418		679,418
			<u>£ 1,998,580</u>		<u>£ 1,998,580</u>
			<u>=====</u>		<u>=====</u>

Accounts approved by the Board on 3rd May 1990.


 G. MAITLAND-SMITH

 E. M. GREEN
 DIRECTORS

MAPPIN & WEBB LIMITED

NOTES ON THE ACCOUNTS - 3rd FEBRUARY 1990

1. ACCOUNTING POLICIES

(a) Basis of accounts

The accounts, which have been drawn up under the provisions of the Companies Act 1985, are prepared under the historical cost convention, as modified by the revaluation of certain properties.

(b) Turnover

Turnover represents sales, exclusive of value added tax, to external customers.

(c) Fixed assets and depreciation

Tangible assets -

The majority of the company's properties are valued at regular intervals and are stated in the balance sheet at valuation. Additions since valuation dates and all other tangible fixed assets are stated at cost.

Tangible fixed assets are depreciated at the following annual rates:-

Retail, office and investment properties -

It is company policy continually to maintain its properties in a state of good repair. In the case of long leaseholds it is considered that the residual values and lives of these properties are such that their amortisation would not be significant. Therefore, no amortisation is provided on long leasehold properties. The book amounts of short leasehold properties are amortised by equal instalments over the remaining length of the leases.

Plant, machinery, fixtures, fittings, tools and equipment -

At various rates, generally between 8% and 25% calculated to write off these assets over their remaining useful lives.

Computer hardware and software is written off over 3 years.

(d) Leasing charges

Rentals payable under operating leases are charged to the profit and loss account as incurred. Future obligations under leases are dealt with by way of a note to the accounts.

(e) Stocks

Stocks are retail stocks and are stated at the lower of cost and net realisable value.

(f) Deferred taxation

Deferred taxation in respect of capital allowances and other timing differences is provided except where such timing differences are expected, with reasonable probability, to continue in the foreseeable future.

No provision is made for any capital gains taxation which might arise on the disposal of the leasehold property which is included in the balance sheet at an amount based on revaluation subsequent to acquisition, since there is no intention to dispose of it.

MAPPIN & WEBB LIMITED
NOTES ON THE ACCOUNTS - 3rd FEBRUARY 1990

(g) Pensions

The expected cost of pensions in respect of defined benefit pension schemes is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the schemes. Variations from the regular cost are spread over the expected remaining service lives of current employees in the schemes. The pension cost is assessed in accordance with the advice of qualified actuaries. This is a change of accounting policy following adoption of SSAP 24. In previous years, the charge to the profit and loss account was the actual amount of contributions made by the employer to the schemes.

2. SEGMENT INFORMATION - TURNOVER AND PROFIT

The turnover is analysed below by geographical location:-

	<u>1990</u>	<u>1989</u>
	£	£
United Kingdom	17,094,409	17,828,915
Rest of World	7,371,660	5,779,783
	-----	-----
	£ 24,466,069	£ 23,608,698
	=====	=====

The turnover and profit relate to the main business activity.

Profit on Ordinary Activities Before Taxation is stated after charging/ (crediting) the following amounts:-

	<u>1990</u>	<u>1989</u>
	£	£
Wages and salaries	3,615,742	3,293,544
Social security costs	289,206	265,238
Other pension costs	151,011	190,335
Depreciation	447,941	261,525
(Profit)/loss on sale of fixed assets	(15,863)	47,860
Auditor's remuneration	17,215	17,030
Hire of plant and machinery	70,749	42,110
Interest payable on bank and other borrowings repayable within five years	10,994	17,555
	=====	=====

MAPPIN & WEBB LIMITED
NOTES ON THE ACCOUNTS - 3rd FEBRUARY 1990

3. TAXATION

<u>Taxation on the profit for the period</u>	£	£
U.K. corporation tax at 35%	275,000	217,000
Deferred taxation	(9,100)	-
	-----	-----
	265,900	217,000
	=====	=====

The charge for taxation on the profit for the period has been reduced by £19,000 (1989 - £NIL) in respect of accelerated capital allowances for which no deferred taxation has been provided. Deferred taxation at 35% has been provided on the surplus on pension costs less a deferred taxation credit at 35% on a timing difference.

4. EXTRAORDINARY ITEM

In 1989/90 and 1988/89, this relates to the disposal of the In Time business. The total costs amounted to £37,235 (1988/89 - £170,070) less attributable tax relief of £13,000 (1988/89 - £7,000).

5. TANGIBLE FIXED ASSETS

	<u>Land and Buildings</u> £	<u>Plant and Machinery</u> £	<u>Fixtures, Fittings, Tools and Equipment</u> £	<u>Total</u> £
<u>Cost or valuation</u>				
At 28th January 1989	1,172,013	548,300	2,532,988	4,253,301
Additions	-	239,106	384,273	623,379
Disposals	-	(370,398)	-	(370,398)
Group transfers	-	14,144	-	14,144
	-----	-----	-----	-----
At 3rd February 1990	1,172,013	431,152	2,917,261	4,520,426
	=====	=====	=====	=====
Includes assets at a valuation at 3rd February 1990 and 28th January 1989	£ 1,000,000	(Valued in January 1988)		
	=====			
<u>Accumulated depreciation</u>				
At 28th January 1989	159,487	260,716	780,907	1,201,110
Provision for the year	4,555	101,313	342,073	447,941
Disposals	-	(125,217)	-	(125,217)
Group transfers	-	7,681	-	7,681
	-----	-----	-----	-----
At 3rd February 1990	164,042	244,493	1,122,980	1,531,515
	=====	=====	=====	=====
<u>Net book amount at</u>				
3rd February 1990	£ 1,007,971	£ 186,659	£ 1,794,281	£ 2,988,911
	=====	=====	=====	=====
28th January 1989	£ 1,012,526	£ 287,584	£ 1,752,081	£ 3,052,191
	=====	=====	=====	=====

MAPPIN & WEBB LIMITED

NOTES ON THE ACCOUNTS - 3rd FEBRUARY 1990

6. TANGIBLE FIXED ASSETS

On 30th January 1988, a revaluation was made by Messrs. Healey & Baker, Chartered Surveyors, of the long leasehold property held by the company on an open market existing use basis. This valuation has been incorporated in the above figures. The other leaseholds have been included at cost; the 1988 valuation exceeds the book amount of these properties by £1,692,000.

The net book amount of land and buildings comprises:

	<u>1990</u> £	<u>1989</u> £
Long Leasehold	1,000,000	1,000,000
Short Leasehold	7,971	12,526
	-----	-----
	£ 1,007,971	£ 1,012,526
	=====	=====

Assets included at a valuation would have been included on an historical cost basis at:-

	<u>Cost</u>	<u>1990</u> <u>Depreciation</u>	<u>Cost</u>	<u>1989</u> <u>Depreciation</u>
Land and buildings	£ 254,525	£ 30,472	£ 254,525	£ 30,472
	=====	=====	=====	=====

7. COMMITMENTS FOR CAPITAL EXPENDITURE

Future capital expenditure not provided in the accounts:-

	<u>1990</u> £'000	<u>1989</u> £'000
Contracts placed	NIL	313
	===	===
Authorised by the directors but contracts not yet placed	15	NIL
	===	===

8. INVESTMENTS - INCLUDED IN FIXED ASSETS

Shares in group company

Cost and net book amount at 3rd February 1990 and 28th January 1989	£ 269,788
	=====

The wholly owned non-trading subsidiary is Hunt and Roskell Limited.

Group accounts are not submitted because the company is a wholly owned subsidiary of another company incorporated in Great Britain.

MAPPIN & WEBB LIMITED

NOTES ON THE ACCOUNTS - 3rd FEBRUARY 1990

9. STOCKS

Stocks consist of finished goods and goods for resale and the replacement cost exceeds the balance sheet amount by £404,000 (1989 - £425,000).

10. DEBTORS

<u>Falling due within one year</u>	<u>1990</u> £	<u>1989</u> £
Trade debtors	3,124,661	4,445,744
Amounts owed by group companies	52,616	122,850
Other debtors	497,876	531,124
Prepayments and accrued income	729,453	540,669
Deferred taxation (Note 3)	9,100	-
	£ 4,413,706	£ 5,640,387
	=====	=====

11. CREDITORS

<u>Falling due within one year</u>	<u>1990</u> £	<u>1989</u> £
Bank overdraft	-	1,075,935
Trade creditors	4,305,198	5,974,680
Amounts owed to group companies	13,545,882	12,189,295
Other creditors	1,548,978	547,272
Taxation and social security	1,204,884	813,571
Accruals and deferred income	906,987	374,926
	£ 21,511,929	£ 20,975,679
	=====	=====

12. CALLED UP SHARE CAPITAL

<u>Authorised, allotted and fully paid</u>	<u>1990</u>	<u>1989</u>
Ordinary shares of £10 each	£ 500,000	£ 500,000
	=====	=====

The ultimate holding company is Sears plc, a company incorporated in Great Britain.

MAPPIN & WEBB LIMITED

NOTES ON THE ACCOUNTS - 3rd FEBRUARY 1990

13. RESERVES

There were no movements in reserves during the year.

The revaluation reserve represents the difference between the valuation of January 1988 and the historical cost figure of land and buildings. No provision has been made for any tax liability that would arise if these assets were disposed of at their revalued amount, as there is no intention to dispose of these assets.

14. POTENTIAL DEFERRED TAXATION

The potential liability of deferred taxation on accelerated capital allowances for which no provision has been made is £345,000 at 35% (1989 - £269,000).

15. EMPLOYEES

The average number of persons employed by the company in the United Kingdom during the period was 316 (1989 - 352).

16. DIRECTORS EMOLUMENTS

	<u>1990</u> £	<u>1989</u> £
Total directors' emoluments	324,204	242,421
Further Particulars (excluding pension contributions):		
Chairman	NIL	NIL
Highest paid director	62,131 =====	58,135 =====

The table which follows shows the emoluments of other directors by category and number of employees whose emoluments exceeded £30,000:

		<u>1990</u>	<u>1989</u>
<u>From</u>	<u>To</u>	<u>Directors</u>	
	NIL	2	1
£25,001	£30,000	2	-
£45,001	£50,000	-	3
£50,001	£55,000	3	-
		<u>Employees</u>	
£30,001	£35,000	8	2
£35,001	£40,000	2	2

MAPPIN & WEBB LIMITED

NOTES ON THE ACCOUNTS - 3rd FEBRUARY 1990

17. DIRECTORS' INTEREST

Mr G. Maitland Smith, Mr J M Pickard, Mr E M Green and Mr D C Beckett are directors of the immediate holding company, Mappin & Webb Holdings Limited, and their interests in the shares of Sears plc are shown in the accounts of that Company.

Other directors

	<u>Interests in Ordinary Shares of Sears plc</u>		<u>Options to subscribe for Ordinary Shares of Sears plc</u>
	<u>1990</u>	<u>1989</u>	
D M Jones	-	-	60,000
P S Clayman	-	-	60,000
A G Smith	-	- *	-
T C Goldstaub	2,000	2,000 *	-

* Date of appointment

The options are exercisable between 1990 and 1998 at prices between 74p and 126p per share.

There have been no changes in the above interests between 3rd February 1990 and 3rd May 1990, the date on which the accounts were approved.

18. LEASE COMMITMENTS

At 3rd February 1990, the company had annual commitments under non-cancellable operating leases expiring as follows:-

	<u>1990</u>	<u>1989</u>
	<u>£000</u>	<u>£000</u>
<u>Land & Buildings</u>		
Expiring within 1 year	2	2
2 - 5 years	105	35
Over 5 years	643	643
 <u>Plant & Machinery</u>		
Expiring within 1 year	12	1
2 - 5 years	228	71

MAPPIN & WEBB LIMITED

NOTES ON THE ACCOUNTS - 3rd FEBRUARY 1990

19. PENSIONS

The company participates in the Mappin Group Retirement Benefit Scheme and the Sears Group Senior Executive Pension Scheme. These schemes are of the defined benefit type providing benefits to certain employees within the company and the assets are held separately from the company's assets.

The total pension cost for the company was £151,011 (1989 - £190,335). The regular cost for the year has been reduced by £74,000 representing the company's proportion of the variation cost resulting from spreading forward the actuarial surplus over the average remaining service lives of current employees of the Mappin Group Retirement Benefit Scheme.

Contributions during the year equated to the regular cost of pensions. Accordingly, a prepayment of £74,000 is recorded at 3rd February 1990 representing the excess of contributions during the year over the pension cost charged to Profit and Loss Account.

The latest actuarial valuation of the Mappin Group Retirement Benefit Scheme was carried out at 31st October 1987 and of the Sears Group Senior Executive Pension Scheme at 5th April 1987. Details of these valuations are contained in the financial statements of Mappin & Webb Holdings Limited and Sears plc respectively.