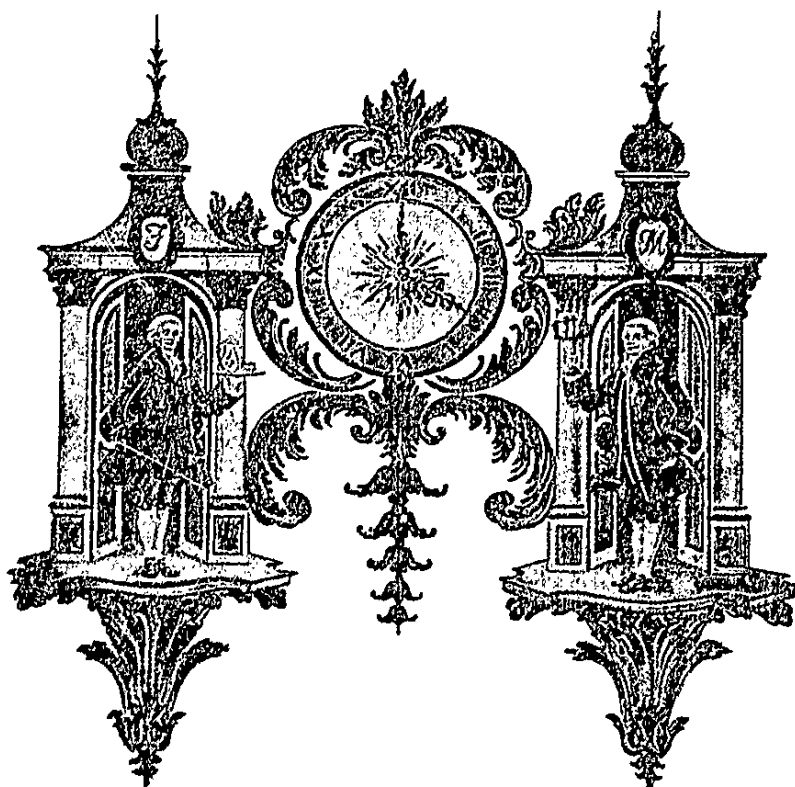




BY APPOINTMENT
TO HER MAJESTY QUEEN ELIZABETH II
GROCEERS & PROVISION MERCHANTS
FORTNUM & MASON LTD. LONDON

FORTNUM & MASON LTD



This is the copy referred to in the
annexed certificate A

Shaham Hussain Director

David Hussain Secretary

REPORT AND ACCOUNTS 1976

FORTNUM & MASON LTD.

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FORTNUM & MASON LTD.

Notice of annual general meeting

Notice is hereby given that the seventy-first annual general meeting of the company will be held at the May Fair Hotel, Berkeley Street, London W1 on Monday, 14th June 1976 at 12.30 p.m. for the following purposes:—

- 1 To consider the directors' report and statement of accounts for the 53 weeks ended 31st January 1976.
- 2 To approve the proposed final dividend.
- 3 To elect directors.
- 4 To authorise the directors to fix the remuneration of the auditors.

By order of the board
D. G. D. Lucas
Secretary

21st May 1976

Registered Office—
181 Piccadilly
London W1A 1ER

NOTE: A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. The person appointed need not be a member of the company.

This notice is sent to preference stockholders for information only.

Preference stock and ordinary stock dividend warrants will be posted on 28th June 1976.

FORTNUM & MASON LTD.

Directors

Chairman

W. Garfield Weston

Vice-Chairman

W. G. Galen Weston

Directors

Garry H. Weston

Priscilla E. Cooper

H. V. Bailey

W. A. Tweddle

J. Newton

H. M. Mortimer

G. D. Morton

Secretary

D. G. D. Lucas

181 Piccadilly, London W1A 1ER

Registrar and Transfer Office

H. J. W. Casey

17 Caniden Road, London NW1 9LJ

Auditors

Price Waterhouse & Co.

Chartered accountants

Southwark Towers

32 London Bridge Street

London SE1 9SY

Bankers

Bank of Scotland

Haymarket branch

57/60 Haymarket

London SW1Y 4QY

FORTNUM & MASON LTD.

Chairman's statement

I am pleased to report that once again we have achieved profits above the level of the previous year while still maintaining our long traditions of quality and service, in spite of many factors that have adversely affected our trading.

Profit before taxation increased by £57,820 to £568,610 for the 53 weeks. After charging taxation of £320,415, which includes £226,780 in respect of group taxation, the profit available for distribution was £248,195.

It is proposed to maintain the final dividend at 15.5p per £1 stock, giving a total dividend for the year of 19p per £1 stock—the same as the previous year. Dividends on the preference stock and the interim dividend on the ordinary stock were paid on the due dates.

Our trading during the year under review has been beset by difficulties. The decline in the value of the pound, the continued high rate of inflation and increases in value added tax and in customs and excise duties have combined to increase costs and prices to higher levels than ever before, even though we have economised wherever possible. The continuing fall in the value of sterling has, however, boosted our sales to visitors from overseas and our Grocery and Tea and Coffee departments have achieved record sales during the year assisted by sales to overseas visitors to our premises and also by direct orders from customers abroad. Looking to the future we are fully aware of the importance of developing new markets for our goods and we are already concentrating our export efforts in promoting the "Fortnum & Mason" range of quality teas, wines and spirits and a limited range of food products for retail sale in many countries around the world. We propose to expand our exporting operation even further during the coming year, basing our sales on the world-wide reputation enjoyed by the company.

Although the past year has been a time of many problems we have refused to sacrifice the standards on which our reputation has been built. The whole of the first floor has been refurnished and redecorated, and the new fittings have received many favourable comments from our customers. The fashion department is now carrying a greater range of exclusive goods than ever before and its increasing popularity is reflected in the steady growth of sales. On this same floor our confectionery department continues to enjoy well-deserved acclaim for the unchanging high quality of its goods—the great majority of which are still produced by our own craftsmen within the building.

Of particular note during the year has been the accumulation of a substantial collection of fine blue porcelain, mainly of the Sèvres design. This has aroused considerable interest and admiration not only among visitors to the store but also people overseas who have seen selected pieces featured in our Christmas catalogue and in "Country Life" and we have received many compliments on the beauty of the collection. It is the attraction of displays of this nature that helps the company to maintain its unique reputation and constantly draws visitors and customers from all parts of the world.

I would like to extend a warm welcome to the board to Mr. H. M. Mortimer and to Mr. G. D. Morton, both of whom have the ability to play an important part in the future of the company. In these days of change and instability it is of the utmost importance that we maintain at Fortnum's the standards we have set over the years and it is due in no small part to the loyalty of our staff that we are able to look forward to continued success in the future.

W. GARFIELD WESTON

FORTNUM & MASON LTD.

Report of the directors

The directors submit to the members their seventy-first annual report together with the accounts of the company for the 53 weeks ended 31st January 1976.

Profit and dividends

The profit and loss account on page 7 shows the profit for the 53 weeks ended 31st January 1976. The balance available to shareholders amounted to £248,195 (1975—£234,066). A final dividend of 15.5 % net on the ordinary stock is proposed (1975—15.5%).

Principal activities

The company continued its activities as a department store during the year under review.

The subsidiary company did not trade.

Fixed assets

After charging depreciation of £36,670 the total of net fixed assets has decreased by £54,722 to £615,367.

The directors consider the present value of the leasehold property is considerably in excess of the net book amount and they estimate the present day value to be not less than £2,000,000.

Employees

The average number of employees per week amounted to 479 and the total emoluments for the year amounted to £982,598 (1975—£838,000).

Charitable donations and political contributions

Charitable donations for the year amounted to £233 (1975—£5,120).

There were no contributions to any political organisations during the year (1975—nil).

Directors

On 6th November 1975 Mr. H. M. Mortimer was appointed a director. Subsequent to 31st January 1976 Mr. G. D. Morton has been appointed a director and Mr. G. S. Hamilton has resigned. Mr. Mortimer and Mr. Morton retire in accordance with the articles of association and, being eligible, offer themselves for re-election.

Mr. H. W. Bailey retires by rotation and, being eligible, offers himself for re-election.

A list of the directors of the company is shown on page 3 and the schedule of their beneficial interests, including family interests, in the shares and debentures of the group is shown on page 6.

Exports

The value of goods exported from the United Kingdom during the period amounted to £580,528 (1975—£516,379).

Auditors

The auditors, Price Waterhouse & Co., will be re-appointed in accordance with the provisions of section 159(2) of the Companies Act, 1948.

By order of the board

D. G. D. Lucas Secretary

21st May 1976

FORTNUM & MASON LTD.

Statement of directors' interests

The persons who were directors of the company at the end of the year had the following beneficial interests, including family interests, in the shares and debentures of the company, its holding companies and fellow subsidiary companies:

	Number of shares/units held	
	31st January 1976	25th January 1975
W. Garfield Weston		
George Weston Holdings Limited, ord. shares of 50p	—	7,000
Associated British Foods Limited, ord. shares of 5p	400,000	400,000
W. G. Galen Weston		
Wittington Investments Limited, ord. shares of 50p	37,953	37,953
George Weston Holdings Limited, ord. shares of 50p	12,498	12,498
Associated British Foods Limited, ord. shares of 5p	498,330	498,330
7½% convertible unsecured loan stock 1994/2004	£967	—
Garry H. Weston		
Wittington Investments Limited, ord. shares of 50p	12,948	18,748
George Weston Holdings Limited, ord. shares of 50p	1,515	1,515
Associated British Foods Limited, ord. shares of 5p	128,546	215,256
7½% convertible unsecured loan stock 1994/2004	£88,201	£5,000
Pamela E. Cooper		
Associated British Foods Limited, ord. shares of 5p	136,150	120,400
5½% unsecured loan stock 1987/2002, 50p units	132	132
7½% unsecured loan stock 1987/2002, 50p units	467	467
Harold W. Bailey		
Associated British Foods Limited, ord. shares of 5p	30,050	30,050
William A. Tweddle		
Associated British Foods Limited, ord. shares of 5p	6,650	1,650

Notes

1 W. Garfield Weston is a joint trustee of trusts, in which he has no beneficial interest, and which hold nil ordinary shares of 5p (1975—173,990) and £168,750 7½% convertible unsecured loan stock 1994/2004 (1975—£168,750) in Associated British Foods Limited.

2 W. Garfield Weston, Garry H. Weston and W. G. Galen Weston are trustees of a trust, in which they have no beneficial interest, which hold 280,545 ordinary shares of 50p (1975—280,541) in Wittington Investments Limited, 335,002 ordinary shares of 50p (1975—335,002) in George Weston Holdings Limited and £ nil 7½% convertible unsecured loan stock 1994/2004 (1975—£20,000) in Associated British Foods Limited.

3 Pamela E. Cooper and Harold W. Bailey are trustees of a trust, in which they have no beneficial interest, which hold nil ordinary shares of 5p (1975—1,325,000) in Associated British Foods Limited.

4 Harold W. Bailey and Garry H. Weston are trustees of a trust, in which they have no beneficial interest, which hold £427,000 7½% convertible unsecured loan stock 1994/2004 (1975—£427,000) in Associated British Foods Limited.

5 Some of the shares held by Pamela E. Cooper and Harold W. Bailey are being acquired over a period of years under schemes of purchase.

FORTNUM & MASON LTD.

Profit and loss account

for the 53 weeks ended 31st January 1976

Profit earned

	Notes	53 weeks ended 31st January 1976 £	52 weeks ended 25th January 1975 £
Sales to customers	2	5,312,124	4,427,838
Trading profit	3	364,740	321,285
Interest receivable		203,870	189,505
Profit before taxation		568,610	510,790
Taxation	6	320,415	276,724
Profit after taxation		<u>£248,195</u>	<u>£234,066</u>

Application of profit

Dividends:

Preference of 4.9p per unit of stock (1975—4.9p per unit)

8,575

8,575

Interim ordinary of 3.5p per unit of stock (1975—3.5p per unit)

14,875

14,875

Proposed final ordinary of 15.5p per unit of stock (1975—15.5p per unit)

65,875

65,875

89,325

89,325

Retained profit

158,870

144,741

£248,195

£234,066

Earnings per share

5

56.4p

53.1p

FORTNUM & MASON LTD.

Balance sheet as at 31st January 1976

	Notes	31st January 1976 £	25th January 1975 £
Fixed assets	8		
Leasehold property		589,964	626,972
Furniture, equipment and loose plant ...		25,403	43,117
		<u>615,367</u>	<u>670,089</u>
Investment in subsidiary	9	100	100
Assurance policy at surrender value ...		<u>70,686</u>	<u>67,754</u>
Current assets			
Stock		1,017,876	804,171
Debtors and prepayments		1,009,581	926,148
Amounts due from fellow subsidiaries ...		56,491	8,180
Balance at bank and cash in hand		1,571,708	1,438,253
		<u>3,655,656</u>	<u>3,176,752</u>
Deduct Current liabilities			
Creditors and accrued charges		807,569	639,834
Amounts due to holding company and fellow subsidiaries		255,789	221,351
Taxation	6	—	8,472
Accrued preference dividend		715	715
Proposed final ordinary dividend for year ...		65,875	65,875
		<u>1,129,948</u>	<u>936,247</u>
Net current assets		<u>2,525,708</u>	<u>2,240,505</u>
		<u>£3,211,861</u>	<u>£2,978,448</u>
Source of funds			
Issued share capital	10	600,000	600,000
Reserves	11	2,434,431	2,275,561
		<u>3,034,431</u>	<u>2,875,561</u>
Deferred taxation	7	177,430	102,887
		<u>£3,211,861</u>	<u>£2,978,448</u>

W. GARFIELD WESTON }
W. G. GALEN WESTON } Directors

FORTNUM & MASON LTD.

Notes forming part of the accounts

1 Accounting policies

The more important accounting policies used in the preparation of the accounts of the company are summarised below:

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is generally determined by reducing the selling price of stock by the appropriate trading margins. In arriving at the net realisable value a provision for obsolescent stock has been established which is adjusted annually based upon the directors' estimate.

Fixed assets

Fixed assets are stated at valuation or cost. Leasehold property is amortised over the life of the lease; depreciation on other assets acquired since 26th January 1974 is provided on a straight line basis over their estimated useful lives. Certain assets used for display purposes are written off in the year of acquisition and other items of furniture, equipment and loose plant acquired prior to 26th January 1974 have been fully depreciated.

Expenditure for maintenance and repairs and for general renewals and improvements is charged to revenue at the time an order for such expenditure is placed; major renewals and improvements are capitalised.

Profits or losses from the disposal of fixed assets are included in the profit and loss account.

2 Turnover

The turnover is the amount charged to customers for goods sold and services rendered.

3 Trading profit

The trading profit is stated after taking into account the following:

	1975/76 £	1974/75 £
Depreciation, after taking account of amounts released on sale of furniture, equipment and loose plant of £55,743 (1975—£34,858)	36,670	50,005
Management charge from holding company	15,000	15,000
Hire of Vehicles	76,492	63,734
Directors' emoluments:		
Fees	625	600
Management remuneration	5,589	2,997
Pension paid to former director	—	133
	6,214	3,730
Auditors' remuneration	6,250	5,000

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Notes continued

4 Directors' emoluments (excluding pension contributions)

(a) Scale of emoluments

	1975/76	1974/75
	Number of directors	Number of directors
Nil — £2,500	8	7
£2,501 — £5,000	1	1

(b) Waived by directors

Number of directors	2	2
Amount waived	£200	£200
Emoluments of:		
Chairman	nil	nil
Highest paid director	£4,096	£3,097

5 Earnings per share

The calculation of earnings per share is based on earnings of £239,620 (1975—£225,491) and 425,000 ordinary stock units in issue throughout the two years ended 31st January 1976.

6 Taxation

Taxation at an effective rate of 52% (1975—52%) is based on profits for the year and the charge in the profit and loss account is made up as follows:

	1975/76	1974/75
	£	£
Charge from fellow subsidiary in respect of group taxation relief arising from losses of that company ...	226,780	228,006
Advance corporation tax irrecoverable	—	2,471
Deferred taxation	74,543	35,939
Prior year adjustments	19,092	10,308
	<u>£320,415</u>	<u>£276,724</u>
Taxation included in current liabilities comprises:		
Advance corporation tax payable	—	£8,472

The company comes within the close company provisions of the Finance Act, 1965.

7 Deferred taxation

Deferred taxation represents relief from U.K. Corporation tax of £74,543 in 1975/76, £35,939 in 1974/75 and £66,948 in 1973/74 arising from the increase in stock values in these years.

FORTNUM & MASON LTD.

Notes continued

8 Fixed assets

						Leasehold property £	Furniture, equipment and loose plant £	Total £
Cost or valuation								
Balance at 25th January 1975	...	...	...	...	...	778,321	630,494	1,408,815
Additions	...	...	...	...	...	—	37,691	37,691
Disposals	...	...	...	...	...	—	(58,980)	(58,980)
Balance at 31st January 1976	...	...	...	...	...	<u>£778,321</u>	<u>£609,205</u>	<u>£1,387,526</u>
Representing								
cost ...	...	...	...	...	...	54,821	609,205	664,026
valuation - 1956	...	...	...	...	...	723,500	—	723,500
						<u>£778,321</u>	<u>£609,205</u>	<u>£1,387,526</u>
Depreciation								
Balance at 25th January 1975	...	...	...	...	...	151,349	587,377	738,726
Provided during year (net)	...	...	...	...	...	37,008	(338)	36,670
Disposals	...	...	...	...	...	—	(3,237)	(3,237)
Balance at 31st January 1976	...	...	...	...	...	<u>£188,357</u>	<u>£583,802</u>	<u>£772,159</u>
Net book value								
25th January 1975	...	...	...	...	...	<u>£626,972</u>	<u>£43,117</u>	<u>£670,089</u>
31st January 1976	...	...	...	...	...	<u>£589,964</u>	<u>£25,403</u>	<u>£615,367</u>

The lease on the property expires in March 2024.

At 31st January 1976 there were no commitments for capital expenditure (1975 —nil).

9 Ultimate holding company and investment in subsidiary

Wittington Investments Limited, incorporated in England, is the ultimate holding company of Fortnum & Mason Ltd.

The investment in the wholly-owned subsidiary, Cadbury Pratt (1951) Limited, incorporated in England, consists of 100 shares of £1 each, represented by a balance at bank of £100 in the accounts of the subsidiary; the subsidiary did not trade during the year.

FORTNUM & MASON LTD.

Notes continued

10 Share capital

	1975/76 £	1974/75 £
CAPITAL AUTHORISED		
7% cumulative preference stock units of £1 each	175,000	175,000
Ordinary stock units of £1 each	425,000	425,000
Ordinary shares of £1 each	150,000	150,000
	<u>£750,000</u>	<u>£750,000</u>
CAPITAL ISSUED		
7% cumulative preference stock units of £1 each	175,000	175,000
Ordinary stock units of £1 each	425,000	425,000
	<u>£600,000</u>	<u>£600,000</u>

11 Reserves

Previous balance	2,275,561	2,130,820
From profit of the year	158,870	144,741
Balance (including share premium of £118,717)	<u>£2,434,431</u>	<u>£2,275,561</u>

Report of the auditors

To the members of Fortnum & Mason Ltd.

In our opinion the accounts and notes on pages 7 to 12 give a true and fair view of the state of the company's affairs at 31st January 1976 and of its profit for the 53 weeks then ended and comply with the Companies Acts 1948 and 1967.

Southwark Towers
32 London Bridge Street
London SE1 9SY.
21st May 1976

Price Waterhouse & Co.
Chartered accountants