

**Fortnum & Mason Plc**  
**(Registered Number 84909)**

**Directors' report and Financial Statements**  
**For the year ended 10 July 2005**



## **Fortnum & Mason Plc**

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# **Fortnum & Mason Plc**

## **Directors' report**

The directors submit their one hundredth annual report together with the accounts of the group for the year ended 10 July 2005.

### **Principal activities and business review**

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

As we announced in 2003, the company has a new international strategy the first effects of which are reflected in these figures. To maximise the impact of the Fortnum & Mason brand, we are working with smaller number of exclusive partners in key markets. Last year we announced the first exclusive arrangement, a joint venture with Mitsukoshi Limited, Japan's leading quality retailer. As a direct result we have opened two Fortnum & Mason concept shops in the financial year (Tokyo – October 2004; Nagoya – March 2005). A third shop is planned to open in Kyoto this autumn. Overseas turnover at £1,845,000 showed a 31% year on year increase (£483,000) and as a result the overseas operating loss fell to £17,000 (2004: £387,000). The Company expects to see continued improvement in overseas sales and trading performance in the coming year.

Turnover in the UK finished the year 3.1% behind last year with the number of customers in the Piccadilly shop lower during Christmas 2004 than 2003. The company strategy focuses on its core categories of food, drink, entertaining and celebration and a number of departments including menswear, ladies clothing and antiques have been closed. The Board continued to invest in the long term future of the business and approved proposals in July 2005 for a major refurbishment of the Piccadilly store including the insertion of an atrium in the centre of the shop. Works will commence after Christmas 2005 and be completed by autumn 2007 when the company celebrates its three hundredth anniversary. Additional investment was also made in 2005 in the areas of marketing, brand packaging and a new website. The decline in sales and those additional costs resulted in an UK operating loss of £1,329,000 (2004 operating profit £447,000).

The Directors expect market conditions to continue to remain difficult after the July 2005 London terrorist actions and the generally depressed retail market.

### **Profits and dividends**

The profit and loss account on page 9 shows a loss for the financial year ended 10 July 2005 of £961,000 (2004: profit £160,000). The total dividend on the ordinary shares amounts to £Nil (2004: £98,000).

# **Fortnum & Mason Plc**

## **Directors' report** (Continued)

### **Directors and their interests**

The directors of the company who served during the year were:

Mrs J R Khayat	(chairman)
W G Galen Weston	(vice chairman)
Mrs B A Aspinall	(appointed 14 February 2005)
Mrs C H W Dalglish	
Mrs A C Hobhouse	
E G Mason	

The Directors are delighted to record the appointment of Mrs B A Aspinall as the company's new Managing Director. Mrs Aspinall joined from The John Lewis Partnership where she oversaw the refurbishment of the Peter Jones store.

A schedule of the beneficial interests of directors, including family interests, in the shares and loan stock of the group is shown on page 24.

Mrs J R Khayat, Mrs C H W Dalglish and Mrs B A Aspinall retire by rotation and being eligible offer themselves for re-election.

### **Going concern**

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

### **Supplier payment policy**

The company does not follow any code or standard on payment practice.

Except where otherwise agreed with the supplier, it is the policy of the company to pay all suppliers correctly presenting invoices for goods delivered or services performed in accordance with the company's instructions on a regular cycle designed to give average payment times of approximately one month. Scheduled payment dates are notified to suppliers on request. The number of days purchases outstanding at the year end was 22 (2004: 21).

# **Fortnum & Mason Plc**

## **Directors' report** (Continued)

### **Environmental policy**

As a responsible employer, the company is conscious of its position and role within the community and is committed continually to improving its environmental performance. In meeting this objective, the company environmental policy is intended to:

- satisfy all appropriate legislation and the need to conform to good industry practice.
- require full consideration to be given to:
  - a) responsible use of raw materials and conservation of resources.
  - b) efficient use of energy in all operations.
  - c) use of packaging materials and processes which minimise demands on non-renewable resources.
  - d) minimising emissions into the air, water courses, or as waste.
  - e) the environmental impact of new capital investments.
- encourage active participation of employees in addressing environmental issues.
- seek assurances from suppliers on environmental issues.
- be subject to regular review, incorporating new objectives as appropriate.

### **Fixed assets**

Changes in fixed assets are set out on page 17. A valuation carried out on 2 November 2001 by an independent valuer indicated that the market value of the company's leasehold interests was £38.8 million. This exceeds the amount at which they are shown in the balance sheet by £27 million.

### **Charitable and political contributions**

Charitable donations for the year amounted to £Nil (2004: £1,167). There were no contributions to any political organisation during the year (2004: £Nil).

### **Employment of disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who is fortunate enough not to suffer from a disability.

### **Employee involvement**

The company formally communicates with its staff in a number of ways. Upon joining the company, new staff attend an induction training course and are given a booklet explaining the terms and conditions of employment. Weekly training sessions are held at which staff are updated on the company's activities, plans and financial performance. Staff at all levels are involved in forward planning and development of their departments, and regularly updated as to the progress of the company and their personal development in line with that progress and their individual performance.

# **Fortnum & Mason Plc**

## **Directors' report** (Continued)

### **Directors' responsibility statement**

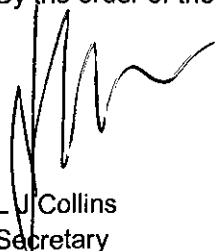
Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business. The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 10 July 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

By the order of the board



L J Collins  
Secretary  
20 September 2005

Registered Office  
181 Piccadilly  
London W1A 1ER

# **Fortnum & Mason Plc**

## **Independent auditors' report to the members of Fortnum & Mason Plc**

We have audited the financial statements on pages 9 to 23 which comprise the profit and loss account, the balance sheet and the related notes.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 6.

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 opinion has been prepared for and only for the company's members 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 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. The other information comprises only the directors' report.

### **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.

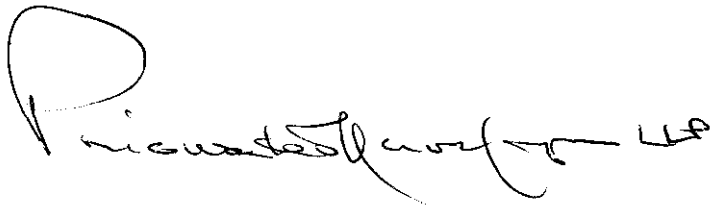
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

## **Fortnum & Mason Plc**

### **Independent auditors' report to the members of Fortnum & Mason Plc (Continued)**

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group at 10 July 2005 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers LLP', is written over the printed name of the firm.

**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
London

20 September 2005



# Fortnum & Mason Plc

## Consolidated profit and loss account

	Note	52 weeks ended 10 July 2005 £'000	52 weeks ended 11 July 2004 £'000
Turnover, including share of joint venture	3	39,004	39,601
Less: share of turnover of joint venture		(157)	(1)
<b>Turnover</b>		<b>38,847</b>	<b>39,600</b>
Cost of sales		(27,896)	(28,196)
<b>Gross profit</b>		<b>10,951</b>	<b>11,404</b>
Distribution costs		(522)	(599)
Administrative expenses		(11,775)	(10,745)
<b>Operating (loss)/profit</b>		<b>(1,346)</b>	<b>60</b>
Share of operating loss in joint venture		(169)	(40)
<b>Total operating (loss)/profit, including share of joint venture</b>	3	<b>(1,515)</b>	<b>20</b>
Interest receivable		313	331
<b>(Loss)/profit on ordinary activities before taxation</b>	4	<b>(1,202)</b>	<b>351</b>
Tax on profit on ordinary activities	6	241	(191)
<b>(Loss)/profit on ordinary activities after tax</b>		<b>(961)</b>	<b>160</b>
Dividends	8	-	(98)
<b>Retained (loss)/profit for the financial year</b>		<b>(961)</b>	<b>62</b>

All the above transactions relate to continuing operations.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

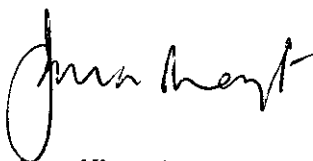
The notes on pages 13 to 23 form part of these financial statements.

# Fortnum & Mason Plc

## Consolidated balance sheet

	Note	As at 10 July 2005 £'000	As at 11 July 2004 £'000
<b>Fixed assets</b>			
Tangible assets	9	15,173	16,094
Investments in joint venture:	10		
Share of gross assets		601	733
Share of gross liabilities		(45)	(9)
		556	724
		15,729	16,818
<b>Current assets</b>			
Stocks		3,756	3,595
Debtors	11	1,801	1,802
Cash at bank and in hand		6,554	6,760
		12,111	12,157
<b>Creditors – Amounts falling due within one year</b>	12	(2,806)	(2,933)
<b>Net current assets</b>		9,305	9,224
<b>Total assets less current liabilities</b>		25,034	26,042
<b>Provisions for liabilities and charges</b>	13	(1,241)	(1,290)
<b>Net assets</b>		23,793	24,752
<b>Capital and reserves</b>			
Called up share capital	14	653	653
Share premium account	15	5,362	5,362
Foreign currency reserve	15	(12)	(14)
Profit and loss account	15	17,790	18,751
<b>Total shareholders' funds</b>		23,793	24,752

These financial statements were approved by the board on 20 September 2005 and signed on its behalf by:



**Jana Khayat**  
Chairman

# Fortnum & Mason Plc

## Company balance sheet

	Note	As at 10 July 2005 £'000	As at 11 July 2004 £'000
<b>Fixed assets</b>			
Tangible assets	9	15,173	16,094
Investments	10	780	780
		<b>15,953</b>	<b>16,874</b>
<b>Current assets</b>			
Stocks		3,756	3,595
Debtors	11	1,799	1,800
Cash at bank and in hand		6,554	6,760
		<b>12,109</b>	<b>12,155</b>
<b>Creditors – Amounts falling due within one year</b>	12	<b>(2,806)</b>	<b>(2,933)</b>
<b>Net current assets</b>		<b>9,303</b>	<b>9,222</b>
<b>Total assets less current liabilities</b>		<b>25,256</b>	<b>26,096</b>
<b>Provisions for liabilities and charges</b>	13	<b>(1,241)</b>	<b>(1,290)</b>
<b>Net assets</b>		<b>24,015</b>	<b>24,806</b>
<b>Capital and reserves</b>			
Called up share capital	14	653	653
Share premium account	15	5,362	5,362
Profit and loss account	15	18,000	18,791
<b>Total shareholders' funds</b>		<b>24,015</b>	<b>24,806</b>

These financial statements were approved by the board on 20 September 2005 and signed on its behalf by:



**Jana Khayat**  
Chairman

## Fortnum & Mason Plc

### Consolidated statement of total recognised gains and losses

	52 weeks to 10 July 2005 £'000	52 weeks to 11 July 2004 £'000
Group (loss)/profit for the financial year	(961)	160
Currency translation differences on foreign net investment	2	(14)
<b>Total recognised gains and losses for the year</b>	<b>(959)</b>	<b>146</b>

# **Fortnum & Mason Plc**

## **Notes to the financial statements**

### **1 Accounting policies**

The accounts have been prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards.

#### **Basis of consolidation**

The Group financial statements consist of the financial statements of the parent company and the Company's share of interests in non-trading subsidiaries and a joint venture. The accounts of the parent company and subsidiaries are prepared to 10 July 2005 and that for the joint venture was prepared from internal accounts to 30 June 2005.

The Company's interests in the joint venture are accounted for using the gross equity method.

#### **Turnover**

Turnover represents amounts charged to customers for goods sold and services rendered, less returns and net of value added tax.

Concession sales are excluded from turnover. This is in accordance with FRS 5 Application Note G 'Revenue Recognition' (issued November 2003)

#### **Depreciation**

Depreciation is provided by the company so as to write off the cost of certain fixed assets, excluding works of art, over their estimated useful lives by equal annual instalments as follows:

Leasehold	- over 66 years or the remaining period of the lease if shorter
Leasehold improvements	- 30 years
Fixtures and equipment	- 5, or 10 years

Works of art are not depreciated and are included at cost, as they do not have a finite useful economic life.

#### **Stocks**

Stocks which comprise merchandise held for resale are stated at the lower of cost and net realisable value.

#### **Deferred taxation**

Full provision has been made for taxation arising from the excess of capital allowances over depreciation and other timing differences.

#### **Leases**

All material leases entered into by the group are operating leases whereby substantially all the risks and rewards of ownership of the asset remain with the lessor. Rental payments are charged against profits on a straight line basis over the period of the lease.

# Fortnum & Mason Plc

## Notes to the financial statements

### 1 Accounting policies (continued)

#### Foreign currencies

Assets and liabilities denominated in foreign currencies are converted into sterling at rates of exchange prevailing at the year end. Any exchange differences arising are taken to the profit and loss account.

The results of the overseas joint venture are translated into sterling at average rates of exchange and at closing rate at 30 June for assets and liabilities. The associated exchange differences are taken directly to reserves and disclosed in the statement of total recognised gains and losses.

### 2 Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of Wittington Investments Limited and is included in the consolidated financial statements of Wittington Investments Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Wittington Investment Limited group or investees of the Wittington Investment Limited group.

### 3 Turnover and operating profit

	52 weeks ended 10 July 2005 £'000	52 weeks ended 11 July 2004 £'000
<b>Turnover</b>		
UK	37,002	38,193
Overseas		
- Company	1,845	1,407
- Joint venture	157	1
	<u>2,002</u>	<u>1408</u>
	<u>39,004</u>	<u>39,601</u>
<b>Operating (loss)/profit</b>		
UK	(1,329)	447
Overseas		
- Company	(17)	(387)
- Joint venture	(169)	(40)
	<u>(186)</u>	<u>(427)</u>
	<u>(1,515)</u>	<u>20</u>

The analysis of turnover by destination is shown above. Turnover by origin in the Company is made up from sales from the UK. Turnover by origin in the joint venture is made up of sales from Japan. All net assets of the company are in the UK. All net assets of the joint venture are in Japan.

# Fortnum & Mason Plc

## Notes to the financial statements

### 4 Profit on ordinary activities before taxation

This is stated after charging the following amounts:

	2005 £'000	2004 £'000
Depreciation	1,327	1,377
(Profit)/loss on sale of fixed assets	(3)	3
Lease rentals on:		
- plant and machinery	287	260
- other	151	153
Auditors' remuneration	44	43
Management charges from immediate holding company	150	465

### 5 Directors and employees

	2005 Number	2004 Number
Average number of employees		
Selling	356	341
Administration and distribution	101	98
	458	439
	£'000	£'000
Staff costs – wages and salaries	8,257	7,485
– social security costs	685	605
– pension costs	186	202
	9,128	8,292
Staff costs include the following remuneration of directors:		
Aggregate emoluments	248	378

Retirement benefits are accruing to one (2004: two) director under a defined benefit scheme and one director (2004: Nil) under a defined contribution scheme. The aggregate value of company contributions paid under the defined contribution scheme were £15,000 (2004: £nil)

Highest paid director	2005 £'000	2004 £'000
Emoluments	117	153
Compensation for loss of office	-	171
	117	324
Accrued pension at end of year	-	24

# Fortnum & Mason Plc

## Notes to the financial statements

### 6 Tax on profit on ordinary activities

	2005 £'000	2004 £'000
<b>United Kingdom</b>		
Corporation tax at 30% (2004: 30%)	0	221
Adjustment in respect of prior periods	1	(2)
Tax surrendered for group relief	(194)	-
	(193)	219
Foreign tax		
Share of Joint ventures	1	-
Total current tax	(192)	219
<b>Deferred tax</b> (note 13)		
Origination and reversal of timing differences	(49)	(28)
Tax on (loss)/profit on ordinary activities	(241)	191

The tax assessed for the period differs from the standard rate of corporation tax in the UK as explained below:

	2005 £'000	2004 £'000
(Loss)/profit on ordinary activities before tax	(1,202)	351
Add: share of joint venture loss before tax	169	40
<b>Group profit on ordinary activities before tax</b>	(1,033)	391
(Loss)/profit on ordinary activities before tax at UK tax rate of 30% (2004: 30%)	(310)	117
Depreciation on assets not qualifying for capital allowances	68	76
Depreciation in excess of capital allowances	86	66
Other timing differences	(38)	(38)
Adjustment to tax charge in respect of prior periods	1	(2)
Total current year tax charge	(193)	219

### 7 Profits of group company

Of the profit for the financial year, a loss of £791,000 (2004: profit £102,000) is dealt with in the accounts of Fortnum and Mason plc. The directors have taken advantage of the exemption available under section 230 of the Companies Act 1985 and not presented a profit and loss account for the company alone.



# Fortnum & Mason Plc

## Notes to the financial statements

### 8 Dividends

	2005 £'000	2004 £'000
Ordinary – payable Nil (2004: 0.75p)	0	98

### 9 Tangible assets

#### Group and Company

	Long leasehold and leasehold improvements £'000	Fixtures and Equipment £'000	Works of art £'000	Total £'000
<b>Cost</b>				
At 11 July 2004	15,285	13,101	404	28,790
Additions	-	406	-	406
Disposals		(14)		(14)
At 10 July 2005	15,285	13,493	404	29,182
<b>Accumulated depreciation</b>				
At 11 July 2004	3,156	9,540	-	12,696
Charge for the year	312	1,015	-	1,327
Disposals	-	(14)	-	(14)
At 10 July 2005	3,468	10,541	-	14,009
<b>Net book amount</b>				
10 July 2005	11,817	2,952	404	15,173
<b>Net book amount</b>				
11 July 2004	12,129	3,561	404	16,094

# Fortnum & Mason Plc

## Notes to the financial statements

### 10 Investments included in fixed assets

<b>Group</b>	<b>2005</b>
	<b>£'000</b>
<b>Interests in joint ventures</b>	
At 11 July 2004 – net assets	724
Exchange adjustments	2
Share of retained loss	(170)
At 10 July 2005 – net assets	<u>556</u>
<b>Company</b>	<b>2005</b>
	<b>£'000</b>
<b>Fixed asset investments</b>	
At 11 July 2004	780
At 10 July 2005	<u>780</u>

The company owns the entire issued share capital of a number of non-trading companies, which are shown at cost. The company also owns 50% of the share capital of Fortnum & Mason Japan Co. Ltd (see note 21)

### 11 Debtors

<b>Group</b>	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	1,016	1,268
Amounts owed by group companies	2	2
Other debtors	343	102
Prepayments and accrued income	440	430
	<u>1,801</u>	<u>1,802</u>
<b>Company</b>	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	1,016	1,268
Other debtors	343	102
Prepayments and accrued income	440	430
	<u>1,799</u>	<u>1,800</u>

# Fortnum & Mason Plc

## Notes to the financial statements

### 12 Creditors – amounts falling due within one year

Group and company	2005 £'000	2004 £'000
Trade creditors	1,204	953
Amounts owed to group companies	138	349
Corporation tax	43	40
Other tax and social security payable	245	278
Other creditors	123	120
Accruals	1,053	1,095
Proposed dividend	-	98
	<u>2,806</u>	<u>2,933</u>

### 13 Provisions for liabilities and charges

Group and company	As at 11 July 2004 £'000	Movement £'000	As at 10 July 2005 £'000
Deferred taxation	1,290	(49)	1,241

The amounts provided for deferred taxation, which represent the full potential liability, are set out below:

	2005 £'000	2004 £'000
Accelerated capital allowances	948	1,035
Other timing differences	293	255
Total provision for deferred tax	<u>1,241</u>	<u>1,290</u>

### 14 Called up share capital

Company	Authorised		Allotted, called up and fully paid	
	Nominal value £'000	Number 000's	Nominal value £'000	Number 000's
Ordinary shares of 5p each b/f and c/f	812	16,250	653	13,062

# Fortnum & Mason Plc

## Notes to the financial statements

### 15 Reserves

Group	Share premium account £'000	Foreign currency reserve £'000	Profit and loss account £'000
Balance at 11 July 2004	5,362	(14)	18,751
Retained loss for the year	-	-	(961)
Exchange adjustments	-	2	-
Balance at 10 July 2005	5,362	(12)	17,790

Company	Share premium account £'000	Profit and loss account £'000
Balance at 11 July 2004	5,362	18,791
Loss for the year	-	(791)
Balance at 10 July 2005	5,362	18,000

### 16 Reconciliation of movement in shareholders' funds

Group	2005 £'000	2004 £'000
Equity:		
Opening balance	24,752	24,704
Retained (loss)/profit for the year	(961)	62
Exchange adjustments offset in reserves	2	(14)
Total shareholders' funds	23,793	24,752

Company	2005 £'000	2004 £'000
Equity:		
Opening balance	24,806	24,704
Retained (loss)/profit for the year	(791)	102
Total shareholders' funds	24,015	24,806

# **Fortnum & Mason Plc**

## **Notes to the financial statements**

### **17 Pensions**

Prior to 30 September 2002, the company provided defined benefits, to employees over the age of 21 with more than six months service, through Associated British Foods Pension Scheme. At 10 July 2005 some 28% (2004: 32%) of the company's employees were members of the scheme.

The scheme is wholly administered by the trustee of the Associated British Foods Pension Scheme, and the cost to the company is determined by the overall cost of the scheme, not that relating to the company's employees. Hence it is not possible to identify the company's share of the underlying assets and liabilities. As such, the directors are of the opinion that the cost to the company will tend to equate to the contributions payable. The latest actuarial valuation of the scheme, at 5 April 2002, showed that assets represented 116% of the benefits that had accrued to members after allowing for expected future increases in earnings, and the company made contributions of £156,600 in the year (2004: £190,800).

From 1 October 2002, new entrants to the Associated British Foods Pension Scheme were offered membership of a defined contribution arrangement. The Company pays defined contribution payments for these pension scheme members. At 10 July 2005 there were 10 members (2004: 7) of the scheme and the company made contributions of £29,400 (2004: £11,200) in the year.

### **18 Capital commitments**

There are commitments for capital expenditure by the company of £22,280,000 (2004: £39,000) principally relating to the store development programme, for which no provision has been made in these accounts.

### **19 Financial instruments**

#### **a) Treasury policy**

There are established procedures and authority levels to control treasury activities. All transactions are matched to an underlying business requirement such as forecast purchases of goods.

The company invoices its exports only in sterling. Imports, which although frequent are generally of a small value, are, where the company considers the cost of these is justified by the potential currency movement, covered by forward contracts, options or currency accounts.

Interest on day-to-day cash deposits is based on money market rates and overdraft rates are linked to LIBOR.

Short term debtors and creditors have been excluded from the following disclosures, other than the currency risk profile.

# Fortnum & Mason Plc

## Notes to the financial statements

### b) Interest rate risk profile

At 10 July 2005 the company had no interest bearing financial liabilities (2004: none).

Interest bearing sterling cash deposits at the year-end were £7,051,000 (2004: £7,721,000) at an interest rate of 4.69% (2004: 4.35%).

### c) Currency risk profile

At 10 July 2005 the company had outstanding non-sterling short-term creditors, predominantly in EU currencies of £199,000 (2004 £187,000).

## 20 Commitments under operating leases

The company has minimum annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	Less than one year £'000	Two to five years £'000	Over five years £'000	Total £'000
Land and buildings	-	-	150	150
Other	274	13	-	287
At 10 July 2005	274	13	150	437
Land and buildings	-	-	153	153
Other	254	6	-	260
At 11 July 2004	254	6	153	413

## 21 Joint venture

The Group's principal joint venture is:

	Business	Share of issued share Capital	Country of incorporation
Fortnum & Mason Japan Co. Ltd	Retail	50%	Japan

Internal accounts were prepared up to 30 June 2005 to facilitate the preparation of the consolidated accounts as at 10 July 2005.

## **Fortnum & Mason Plc**

### **Notes to the financial statements**

#### **22 Ultimate parent undertaking**

The immediate and ultimate holding company of Fortnum & Mason Plc is Wittington Investments Limited. Wittington Investments Limited holds 100% of the share capital of the company.

The Garfield Weston Foundation ("The Foundation") is an English charitable trust which was established in 1958 by the late Mr W. Garfield Weston. The Foundation has no direct interest in Fortnum & Mason Plc but as at 16 August 2005 held 683,073 shares in Wittington Investments Limited representing 79.2% of that company's issued share capital and is, therefore, Fortnum & Mason Plc's controlling party.

Copies of Wittington Investments Limited consolidated financial statements can be obtained from Companies House, Crown House, Cardiff, CF4 3UZ.

# Fortnum & Mason Plc

## 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 loan stock of the company, its holding company and fellow subsidiaries as at the dates shown:

	10 July 2005	10 July 2004
<b>Mrs J R Khayat</b>		
Wittington Investments Limited, ordinary shares of 50p	5,862	5,862
Associated British Foods Plc, ordinary shares of 5 15/22p	3,180,717	3,180,717
<b>W G Galen Weston</b>		
Wittington Investments Limited, ordinary shares of 50p	37,953	37,953
Associated British Foods Plc, ordinary shares of 5 15/22p	5,672,560	5,672,560
<b>Mrs C H W Dalglish</b>		
Wittington Investments Limited, ordinary shares of 50p	15,300	15,300
Associated British Foods Plc, ordinary shares of 5 15/22p	2,646,459	2,646,459
<b>Mrs A C Hobhouse</b>		
Wittington Investments Limited, ordinary shares of 50p	5,863	5,863
Associated British Foods Plc, ordinary shares of 5 15/22p	2,860,358	2,860,358
<b>E G Mason</b>	-	-
<b>Mrs B A Aspinall</b>	-	-

## Notes

1. W G Galen Weston, Mrs C H W Dalglish, Mrs J R Khayat and Mrs A C Hobhouse are trustees of a trust in which they have no beneficial interest, which at 10 July 2005 held 683,073 ordinary shares of 50p (2004 - 683,073) in Wittington Investments Limited.
2. There have been no changes in the above holdings between 10 July and 1 September 2005.
3. No other director has had a material interest in a contract with the company during the year, other than as disclosed in the accounts.