

## Contents

|                                      | Page |
|--------------------------------------|------|
| Summary of group results             | 2    |
| Directors                            | 3    |
| Chairman's statement                 | 4    |
| Directors' report                    | 8    |
| Consolidated profit and loss account | 10   |
| Balance sheets                       | 10   |
| Source and application of funds      | 11   |
| Notes on the accounts                | 12   |
| Auditors' report                     | 18   |
| Notice of meeting                    | 19   |
| Five-year financial record           | 20   |



## Summary of group results

|                                    | 1978    | 1977    | %      |
|------------------------------------|---------|---------|--------|
|                                    | £000    | £000    | change |
| <b>Sales</b>                       | 273,569 | 244,326 | +12.0  |
| <b>Profit before taxation</b>      | 27,022  | 25,498  | + 6.0  |
| <b>Taxation</b>                    | 14,354  | 13,343  | + 7.6  |
| <b>Profit after taxation</b>       | 12,668  | 12,155  | + 4.2  |
| <b>Earnings per ordinary share</b> | 12.39p  | 11.88p  |        |
| <b>Dividend per ordinary share</b> | 6.2729p | 5.6163p |        |

## Financial Calendar

### 1978

|                |                                          |
|----------------|------------------------------------------|
| <b>28 June</b> | Annual general meeting                   |
| <b>3 July</b>  | Final ordinary dividend payment          |
| <b>October</b> | Publication of half-year interim results |

### 1979

|                  |                                              |
|------------------|----------------------------------------------|
| <b>2 January</b> | Interim ordinary dividend payment            |
| <b>May</b>       | Preliminary announcement of results for year |

# Management

## BRITISH HOME STORES LIMITED

### Directors

Sir Jack (Eric John) Callard  
K. C. B. Mackenzie, C.B.E.  
\*C. W. Paterson, M.C.  
\*R. W. Burgess  
\*N. T. Griffin  
Sir Harold Atcherley  
\*D. P. Cassidy  
\*J. C. Cummings, M.A.  
\*A. R. Dearden, D.F.C., D.F.M.  
The Rt. Hon. Joseph B. Godber, M.P.  
\*A. C. S. Hawes, B.A.  
\*C. J. Kerr, F.R.I.C.S.  
\*T. N. S. Lenthall, F.C.I.S.  
The Rt. Hon. The Earl of Lisburne, M.A.  
\*A. I. Phillips  
\*Executive Directors

### Chairman

Deputy Chairman  
Managing Director  
Assistant Managing Director  
Assistant Managing Director

### Secretary

J. N. Gilder, B.Com., F.C.I.S., F.C.C.A.

### Management Committee

C. W. Paterson, M.C.  
F. H. Lister  
A. T. Newman  
N. P. Tinnion  
C. N. Denton  
N. McArthur, M.A.

### Chairman

Divisional Director  
Divisional Director  
Divisional Director

### Bankers

Barclays Bank Limited

### Solicitors

Clifford-Turner

Field Fisher & Martineau

### Auditors

Peat, Marwick, Mitchell & Co.

### Registered Office

Marylebone House, 129-137 Marylebone Road,  
London NW1 5QD

### Registrars and Transfer Office

Kleinwort, Benson Limited,  
The Lawn, Speen, Newbury, Berks, RG13 IQN

# Chairman's statement

## Trading results

The group profit before tax for the year ended 1st April 1978 was £27,022,000 compared with £25,498,000 for the previous year, an increase of £1,524,000. The post-tax profit of £12,668,000 (before extraordinary items) against £12,155,000 showed an increase of £513,000.

On 19th October 1977, an interim ordinary dividend of 2·8p per share was declared, payable on 3rd January 1978. The directors now recommend a final ordinary dividend of 3·4729p per share, payable on 3rd July 1978, making 6·2729p per share for the year, the maximum permitted under present regulations. The total ordinary dividend absorbs £6,405,000 of the post-tax profit, against £5,734,000 last year, and after payment of the preference dividends and adjustments for extraordinary items, the retained profit is £6,389,000.

Note 2 on the accounts shows items charged before arriving at the pre-tax profit and I would comment on three of these. The £221,000 share of losses of associated companies relates to SavaCentre Limited, which we own jointly with J Sainsbury Limited. The first SavaCentre hypermarket opened in November 1977 and the full effect of its pre-opening expenses has been taken into the year's results. These expenses are not allowable for corporation tax relief and as a result the total tax charge is proportionately greater than in previous years.

The £943,000 surplus of interest received over interest paid was £764,000 less than in 1976/77 and reflects the lower rates of interest earned on deposits throughout the year.

The proposals for an employees share participation scheme were approved at an extraordinary general meeting held in November 1977 and the first contribution to the scheme has been charged in the accounts. Employees qualifying to participate in the scheme are those with three years service who work not less than sixteen hours a week and over six thousand will benefit. The board has decided to allocate £300,000 to the scheme, being approximately 1% of the pre-tax profit as defined in the scheme's trust deed, and hope that future results will enable increased allocations to be made.

Sales were 12% above those for the previous year, the 9·5% increase reported in our interim results being followed by a 13·7% improvement in the second half. Our running expenses in the second half increased at a slightly faster rate than this but for the whole year we were able to maintain our trading profit (i.e. the pre-tax profit shown in the accounts plus depreciation, pension fund contribution and the three items previously mentioned) at the 11·8% of sales achieved in 1976/77.

In my statement last year, I expressed the view that competition in retailing was the effective curb on profit margins rather than counter inflationary legislation and we now have a classic example of this. I refer to the highly publicised high street war, in which major supermarket chains have been seeking to increase their share of the market by price cutting. There is no doubt that in the short term the housewife has benefited from these price changes, but if retailers are not to suffer through reduction of profit margins, a higher volume of sales is required.

It is apparent from the significant change in our trading pattern which occurred during the course of the year that our food sales suffered through the intensive price competition. Merchandise sales started sluggishly, but from June onwards showed steady improvement, except in October and early November, and Christmas trading was satisfactory. The recovery continued throughout our final quarter and merchandise sales finished strongly. Food sales, on the other hand, were buoyant in our first quarter but declined thereafter. Restaurant sales showed a consistent improvement throughout the year.

## Food development

Over the years, our food marketing policy has been to offer a limited range of high quality products with personal customer service. This policy has been successful in that until recently food sales have shown continuous growth, but profitability has come under increasing pressure, due largely to increased payroll costs in a highly labour intensive section of our business and higher overhead costs throughout our operations. In view of this, and following extended experiments, we have decided on major changes in approach to improve our competitive position.

It is our intention to widen the range of food products sold so that the housewife will be able to buy a larger proportion of her weekly requirements from us, by the addition of a selection of pre-packed convenience foods which are becoming more and more popular. At the same time, we are converting many of our existing lines to pre-packed, with the exception of cheese and bacon where we have a justifiably high reputation and where personal service will be retained. Even here, however, the customer will have the option of purchasing pre-packed lines and the quality will be consistent throughout. In implementing these developments, we will keep as prime objectives the maintenance of high quality and value for money.

We currently sell food in eighty stores but because of space constraints not all of them carry our full ranges. In our smaller stores it would be impractical to develop the food departments along the lines

# Chairman's statement *continued*

## BRITISH HOME STORES LIMITED

mentioned and better use of the space which they occupy could be made by conversion to merchandise sales. Within the next few weeks, food departments will be removed from nineteen stores which last year accounted for 13% of total food sales. Similarly, in three small stores where restaurants cannot be extended to meet our modern requirements, they will be removed.

We are confident that the measures I have outlined will increase sales and reduce operating costs, leading to an overall improvement in profitability.

### Merchandise development

The development of our merchandise ranges continues and, following successful trials, new departments are being introduced with a view to creating greater interest for our customers. In our well-established departments, a process of up-grading into higher selling price categories is meeting with encouraging customer reaction. New methods of display are necessary to show this merchandise to best advantage and considerable funds are being utilised for this purpose.

One of our most successful developments has been the creation of a sportswear section, consisting of men's, ladies' and children's clothing and footwear, together with a limited range of sports equipment. This has been introduced into most stores and will undoubtedly be extended to all stores next year.

The process of experimentation is on-going and is all part of our endeavour to maximise the profitable return on our selling space.

### Property valuation

A professional valuation of the company's properties was made during the year and you will see in the directors' report that this showed a surplus of £27,197,000 at 29th September 1977. The surplus has not been incorporated in the accounts but the full market valuation of the properties is reflected in the consolidated profit statement on current cost convention, which gives the information set out in the Accounting Standards Committee's interim recommendation on inflation accounting issued in December 1977.

### Development programme

Despite the economic conditions which have prevailed, we have not cut back on our development programme in any way and we are continuing to add to our selling space. The time taken between obtaining a definite site and opening a store can be substantial and investment decisions taken some years ago are only now being turned into realities.

During the last year we opened large stores in Leeds and Dublin, where we had long sought representation.

The Leeds store opened in August in the Bond Street Centre and, when that centre is fully occupied, should become one of the most important in the chain. Our Dublin store, which opened a month later, is in a prime location in O'Connell Street and is already most successful. Store extensions were completed in time for Christmas trading at Liverpool, Birkenhead and Watford.

In 1978, our golden jubilee year, our additional selling space will be the most extensive in the company's history. Major stores will be opening at Barnsley, Dundee, Bromley and Kensington High Street, plus extensions at Glasgow, Wigan, Stockport and Edinburgh.

Building work on replacement stores at Manchester and Kingston on Thames continues and both should open later in 1979, together with a restaurant in the extended Glasgow store and an additional sales floor at St Helier, Jersey. Commitments have been made for stores in new shopping centres at Peterborough, Eastbourne, Staines and Warrington, while negotiations are proceeding for representation at Milton Keynes and Kilmarnock and for a replacement store at Maidstone. Extensions planned at Sutton and St Albans should be completed by 1980.

Proposals for a number of other new stores are under consideration and our investment programme assures the company's growth for the foreseeable future. A prime feature in our development programme will be the provision of large customer restaurants wherever possible. These are increasingly popular with the shopping public and make a significant contribution to profit.

Our continued expansion through opening new stores and extending and modernising existing units has meant that we have brought employment opportunities into several important areas as far apart as Leeds and Dublin.

The store building programme and our contribution towards SavaCentre development involve substantial capital expenditure but investment will not be confined to building work alone. We have been experimenting with new type fixturing in various areas to show our merchandise ranges to best advantage and improve the general ambience of our stores. The trials have been successful in increasing sales per square foot of space and it is our intention to extend their use throughout the chain.

### SavaCentre Limited

I have already referred to our joint enterprise with J Sainsbury Limited and to the opening of the first SavaCentre hypermarket. This was at Washington, Tyne and Wear, where the hypermarket forms a major

# Chairman's statement *continued*

BRITISH HOME STORES LIMITED

unit in the new town's attractive shopping centre. Building work was completed in one year and sales got off to a good start, resulting in a small trading profit in the first quarter.

Three more hypermarkets are planned to open in the next four years – at Hempstead near Chatham (later this year), Basildon, and Oldbury near Birmingham – and other sites are being sought. In view of the high pre-opening expenses of stores such as hypermarkets, SavaCentre cannot be expected to make a significant profit contribution to its parent companies in its early years but we are confident its considerable potential will be realised.

SavaCentre operates autonomously as far as possible under its own enthusiastic management but there is no doubt it benefits from the contribution made by the parent companies through the supply of their own label merchandise. We have an excellent working relationship with our Sainsbury partners, whose basic trading philosophies are similar to ours, and we know they share our confidence in SavaCentre's future.

Planning difficulties continue to be the major constraint in acquiring additional hypermarket sites. As town centre traders, we have previously expressed our view that hypermarkets should become an integral part of retailing and that there should be a more positive planning attitude towards developments which meet the needs of today's public. Such developments need not be confined to out of town locations. Our Washington SavaCentre is in the centre of a new town and there are older towns where the centres need development. Oldbury is an example and the SavaCentre there, designed to fit in with the local authority's own development plans, should help to revitalise the town centre when it opens, to the benefit of traders and public alike.

## Financial resources

A new subsidiary, BHS (Leasing) Limited, has been formed to enter the field of equipment leasing and has now commenced business. This activity will further improve the utilisation of our financial resources and we are hopeful that in due course it will develop a profitable and largely self-funding trading operation.

There will be no additional cash requirement in the near future to finance the investment programme on which we have embarked.

## Management

There were two board changes during the year. Mr A. C. S. Hawes joined the company as a director on 15th August, bringing with him a wealth of experience in all aspects of retailing.

At the end of the same month, Mr C. S. Finnigan

retired after twenty-nine years' service, for the last four of which he was financial director. Mr Finnigan made a valuable contribution to the progress of the company and I know you will join me in wishing him many happy years in retirement.

There were also changes on the management committee, with the appointment of Mr F. H. Lister, Mr A. T. Newman and Mr N. P. Tinnion as divisional directors. Mr Lister and Mr Newman control substantial areas on the buying side of the business under Mr R. W. Burgess, while Mr Tinnion controls store operations under Mr N. T. Griffin.

Mr G. A. K. Davenport and Mr R. F. Millett left the management committee in view of approaching retirement and I would record the directors' appreciation of their services over the years when they served on it.

## Training

There has always been a significant degree of movement of sales staff in retailing companies. This is an industry rather than a company problem but it does mean that in order to provide the standard of service that we expect in our stores and which we believe has contributed to our success in the past, there has to be a heavy and continuing involvement in staff training. Late opening training sessions are held in all our stores one morning per week but this is only one part of a comprehensive training programme. We believe that the expenditure we incur is justified because it helps every individual to find a higher degree of job satisfaction through a full knowledge of their duties and responsibilities, which in turn leads to improved customer service.

## Pension fund

The pensions of our retired employees have been increased by another 5%; the increase over the past four years has amounted to 44% which, together with state pension increases, should help offset the continuing adverse effect of inflation on the living standards of those who served the company well in the past.

Following the introduction of the new state pension scheme, from which we have contracted out, the membership of the company's scheme has increased substantially and the net additional cost in the current financial year will be approximately £350,000.

We regard pensions as deferred pay and we believe it is important that staff who are members of the pension scheme have an influence on the way in which it is constructed and administered. To this end, we have conducted an election to appoint two trustees from our store staff. In its own way this is simply the evolution of consultative mechanisms which have been in existence for more than a decade.

# Chairman's statement *continued*

BRITISH HOME STORES LIMITED

## Trading outlook

Since the beginning of the current financial year our merchandise sales have continued to improve and food sales have been slightly better. Our marketing changes will be put into effect in the near future, and though the withdrawal of food from nineteen stores means that there must inevitably be some initial drop in sales, we are hopeful that food sales in the remaining stores will increase and that when the space relinquished has been converted, merchandise sales will in due course more than make up the deficit and increase our profit.

We expect to see an increase in the volume of retail sales during 1978 though any stimulus provided in the recent budget could be quickly eroded by inflation. If our experience to date may be taken as a guide, our sales for the year should show a steady improvement, and I expect to see an increase in net profit.

In conclusion, I should like to thank our management and staff, together with our suppliers of goods and services, for their continued efforts throughout a year when trading conditions have been difficult. The

progress of our company depends on them and I have no doubt that success is assured.

Both I and my predecessor have commented in the last few years on the combined effect of progressive taxation and pay code restrictions on senior and middle management. There has been no improvement in their situation and their real rewards have reduced relatively to the lower paid, not only in this company, but nationally.

It is unfortunate that the opportunity to reduce the higher rates of taxation was not taken in the April budget. The cost of helping to provide adequate rewards for people on whose expertise and effort we depend so much would have been minimal measured against the benefits to be derived from such a course of action. We do not yet know whether or not the Government will seek to establish guidelines for a fourth phase in their pay policy or, if they do, whether or not they will be supported by the trade unions, but any continuation of pay policy must surely take into account the need to restore management incentives.

# Directors' report

## BRITISH HOME STORES LIMITED

The directors submit their report at 2nd May 1978, and the accounts for the fifty-two weeks to 1st April 1978.

### Profits and dividends

The operating profit for the year after providing for taxation was £12,668,000. After taking into account extraordinary items, the profit for the year after providing for taxation was £12,815,000. An interim dividend of 2·8p per share on the ordinary shares, and dividends on the preference stocks for one year, have been paid at a net cost of £2,880,000, leaving a balance of £9,935,000.

The directors recommend payment on 3rd July 1978 of a final dividend of 3·4729p per share on the ordinary shares. This dividend requires £3,546,000 leaving £6,389,000 to be added to reserves. The total ordinary dividend for 1977/78 will absorb £6,405,000 (1976/77 – £5,734,000) of the profit after taxation.

### BHS Employees Share Participation Scheme

At the extraordinary general meeting held on 16th November 1977, an ordinary resolution was passed adopting a scheme to enable employees to acquire ordinary shares of the company through the application of profit-related bonuses.

### Directors

The present directors of the company, whose names appear on page 3, served as directors for the whole of the financial year, except for Mr A. C. S. Hawes who served for part of the year.

On 31st August 1977, Mr C. S. Finnigan retired from the board after four years as a director and twenty-nine years' service with the company.

Mr A. C. S. Hawes was appointed a director as from 15th August 1977. In accordance with the provisions of the company's articles of association he retires from the board and, being eligible, offers himself for re-election.

In accordance with the provisions of the company's articles of association, Sir Jack Callard, The Rt. Hon. The Earl of Lisburne, Mr D. P. Cassidy and Mr A. I. Phillips retire as directors and, being eligible, offer themselves for re-election.

### Directors' interests

The directors' interests in the company's shares and stock were as follows:

|                      | Ordinary Shares<br>of 25p each |                   | 7% Cumulative<br>Preference Stock |                   |
|----------------------|--------------------------------|-------------------|-----------------------------------|-------------------|
|                      | 1st April<br>1978              | 3rd April<br>1977 | 1st April<br>1978                 | 3rd April<br>1977 |
|                      | Shares                         | Shares            | £                                 | £                 |
| Sir Jack Callard     | 900                            | 900               |                                   |                   |
| K. C. B. Mackenzie   | 22,868                         | 31,488            | 100                               | 100               |
| C. W. Paterson       | 23,212                         | 23,212            | 100                               | 100               |
| R. W. Burgess        | 10,238                         | 10,238            |                                   |                   |
| N. T. Griffin        | 9,150                          | 9,150             | 100                               | 100               |
| Sir Harold Atcherley | 1,000                          | 360               | 100                               | 100               |
| D. P. Cassidy        | 3,178                          | 3,178             |                                   |                   |
| J. C. Cummings       | 3,372                          | 3,372             |                                   |                   |
| A. R. Dearden        | 3,308                          | 3,406             |                                   |                   |
| J. B. Godber         | 1,000                          | 1,000             |                                   |                   |
| A. C. S. Hawes       |                                |                   |                                   |                   |
| C. J. Kerr           | 2,914                          | 2,914             | 100(a)                            |                   |
| T. N. S. Lenthall    | 5,750                          | 6,200             |                                   |                   |
| The Earl of Lisburne | 148,240(b)                     | 148,240           | 100                               | 100               |
| A. I. Phillips       | 2,964                          | 2,964             |                                   |                   |

a From August 1977, following appointment.

b This figure includes a non-beneficial interest in 130,400 shares (1977 – 130,400).

No director held any 4% redeemable cumulative preference stock or mortgage debenture stock in the company during the year.

There have been no contracts of the company or any of its subsidiaries during the year, in which any of the directors had a beneficial interest within the terms of the Companies Act 1967 or the requirements of The Stock Exchange.



# Directors'

## report *continued*

### BRITISH HOME STORES LIMITED

#### Shareholdings

There is no substantial interest reported by any member in the ordinary share capital of the company.

The following substantial interests have been reported by members in the 4% redeemable cumulative preference capital of the company:

|                                             |                    |
|---------------------------------------------|--------------------|
| Legal and General Assurance Society Limited | 10,000 stock units |
| Sun Life Assurance Society Limited          | 10,000 stock units |
| Refuge Assurance Company Limited            | 4,900 stock units  |

The following substantial interests have been reported by members in the 7% cumulative preference capital of the company:

|                                                             |                    |
|-------------------------------------------------------------|--------------------|
| Pearl Assurance Company Limited                             | 20,000 stock units |
| The National Farmers Union Mutual Insurance Society Limited | 28,000 stock units |
| Guardian Royal Exchange Assurance Limited                   | 29,600 stock units |
| (For details of share capital see note 8 on page 14)        |                    |

|                                                                                                                 |             |             |
|-----------------------------------------------------------------------------------------------------------------|-------------|-------------|
| <b>Employees</b>                                                                                                | 1977/78     | 1976/77     |
| The average weekly number of employees of the group, including 13,928 part-time workers (1976/77 - 13,062), was | 25,014      | 22,601      |
| and their aggregate remuneration, including employers' national insurance contributions, was                    | £35,861,000 | £31,331,000 |
| (both as defined by section 18 of the Companies Act, 1967)                                                      |             |             |

#### Principal activities

The group carries on business as a variety chain store at branches throughout the United Kingdom and has a store in Jersey and one in Dublin. There was no change in the nature of its activities during the year. The group operated through a hundred and three stores.

#### Donations

- The total amount donated for charitable purposes was £52,000. A contribution of £1,000 was also made to British United Industrialists.

#### Exports

The company exported goods from the United Kingdom, during the year, to the value of £3,444,000 for sale in BHS stores in St. Helier, Jersey and in Dublin.

#### Fixed assets

An independent valuation of the group's freehold and leasehold properties has been carried out by Hillier Parker May & Rowden. Their valuation as at 29th September 1977, on an open market for existing use basis, totals £99,889,250, comprising £16,235,500 freehold, £83,184,750 long leasehold, and £469,000 short leasehold. However, the assumption made where building work was in progress was that the work had been completed and that the additional trading space was in operation at 29th September 1977. The net valuation, after deducting the directors' estimate of the then outstanding building costs and fees, totals £85,800,250, comprising £15,270,580 freehold, £70,060,670 long leasehold and £469,000 short leasehold.

This compares with a net book value at 1st April 1978 which totals £58,603,000, comprising £12,567,000 freehold, £42,594,000 long leasehold and £3,442,000 short leasehold.

#### Taxation status

The company is not a close company as defined in the Income & Corporation Taxes Act 1970.

#### Auditors

A resolution to re-appoint the auditors, Peat, Marwick, Mitchell & Co., will be proposed at the forthcoming annual general meeting.

By order of the board  
J. N. GILDER  
Secretary



London 2nd May 1978

# Consolidated profit and loss account

for the 52 weeks to 1st April 1978

|                              | Notes | 52 weeks to<br>1st April<br>1978<br>£000 | 52 weeks to<br>2nd April<br>1977<br>£000 |
|------------------------------|-------|------------------------------------------|------------------------------------------|
| Sales                        | 1b    | <u>273,569</u>                           | <u>244,326</u>                           |
| Profit before taxation       | 2     | 27,022                                   | 25,498                                   |
| Taxation                     | 3     | <u>14,354</u>                            | <u>13,343</u>                            |
| Profit after taxation        |       | 12,668                                   | 12,155                                   |
| Extraordinary items          | 4     | <u>147</u>                               | <u>250</u>                               |
| Profit for year              |       | 12,815                                   | 12,405                                   |
| Dividends                    | 5     | <u>6,426</u>                             | <u>5,755</u>                             |
| Retained profit for the year | 6     | <u>6,389</u>                             | <u>6,650</u>                             |
| Earnings per ordinary share  | 7     | <u>12.39p</u>                            | <u>11.88p</u>                            |

## Balance sheets

at 1st April 1978

|                                    | Notes | 1st April 1978 |                           | 2nd April 1977 |                           |
|------------------------------------|-------|----------------|---------------------------|----------------|---------------------------|
|                                    |       | Group<br>£000  | Parent<br>Company<br>£000 | Group<br>£000  | Parent<br>Company<br>£000 |
| Capital employed                   |       |                |                           |                |                           |
| Issued share capital               | 8     | 25,961         | 25,961                    | 25,974         | 25,974                    |
| Reserves                           | 9     | <u>46,400</u>  | <u>45,056</u>             | <u>40,011</u>  | <u>39,068</u>             |
|                                    |       | 72,361         | 71,017                    | 65,985         | 65,042                    |
| Deferred taxation                  | 10    | 19,762         | 19,551                    | 17,688         | 17,614                    |
| Loans                              | 11    | <u>4,827</u>   | <u>4,827</u>              | <u>5,013</u>   | <u>5,013</u>              |
|                                    |       | <u>96,950</u>  | <u>95,395</u>             | <u>88,686</u>  | <u>87,669</u>             |
| Use of capital                     |       |                |                           |                |                           |
| Fixed assets                       | 12    | 75,573         | 70,630                    | 66,206         | 62,589                    |
| Investment in subsidiary companies | 13    | —              | 4,147                     | —              | 2,773                     |
| Investment in associated companies | 14    | <u>2,624</u>   | <u>2,624</u>              | <u>534</u>     | <u>534</u>                |
| Current assets                     | 15    | <u>56,672</u>  | <u>55,554</u>             | <u>52,882</u>  | <u>52,525</u>             |
| Current liabilities                | 16    | <u>37,919</u>  | <u>37,560</u>             | <u>30,936</u>  | <u>30,752</u>             |
| Net current assets                 |       | <u>18,753</u>  | <u>17,994</u>             | <u>21,946</u>  | <u>21,773</u>             |
|                                    |       | <u>96,950</u>  | <u>95,395</u>             | <u>88,686</u>  | <u>87,669</u>             |

*Jack Callard*  
*C. W. Paterson*

Jack Callard  
C. W. Paterson  
Directors

The notes on pages 12 to 17 form part of these accounts

# Consolidated profit and loss account on current cost convention

for the 52 weeks to 1st April 1978

|                                                          | Notes | 52 weeks to<br>1st April 1978<br>£000 | 52 weeks to<br>2nd April 1977<br>£000 |
|----------------------------------------------------------|-------|---------------------------------------|---------------------------------------|
| Profit before tax prepared on historical cost convention |       | 27,022                                | 25,498                                |
| <i>Deduct</i> Cost of sales adjustment                   | 19b   | (3,385)                               | (3,851)                               |
| Additional depreciation                                  | 19c   | (2,990)                               | (2,648)                               |
| <i>Add</i> Gearing adjustment                            | 19d   | 1,657                                 | 1,620                                 |
| Estimated current cost profit before tax                 |       | 22,304                                | 20,619                                |
| <i>Deduct</i> Taxation                                   |       | (14,354)                              | (13,343)                              |
| <i>Add</i> Extraordinary items                           |       | 147                                   | 250                                   |
|                                                          |       | 8,097                                 | 7,526                                 |
| <i>Deduct</i> Dividends                                  |       | (6,426)                               | (5,755)                               |
| Estimated retained current cost profit for year          |       | 1,671                                 | 1,771                                 |

## Source and application of funds

for the 52 weeks to 1st April 1978

|                                          | 52 weeks to<br>1st April 1978<br>£000 |        | 52 weeks to<br>2nd April 1977<br>£000 |          |
|------------------------------------------|---------------------------------------|--------|---------------------------------------|----------|
| <b>Source</b>                            |                                       |        |                                       |          |
| Profit before taxation                   | 27,022                                |        | 25,498                                |          |
| Depreciation                             | 4,721                                 | 31,743 | 4,216                                 | 29,714   |
| <b>Application</b>                       |                                       |        |                                       |          |
| Net capital expenditure                  | 13,970                                |        | 14,286                                |          |
| Investment in associated companies       | 2,090                                 |        | 534                                   |          |
| Taxation paid                            | 9,436                                 |        | 3,155                                 |          |
| Dividends paid                           | 6,045                                 |        | 5,755                                 |          |
| Repayment of dollar loan                 | —                                     |        | 14,735                                |          |
| Redemption of preference/debenture stock | 133                                   |        | 156                                   |          |
| Working capital                          |                                       |        |                                       |          |
| stocks                                   | 2,127                                 |        | 6,110                                 |          |
| debtors                                  | 115                                   |        | 275                                   |          |
| creditors                                | (3,721)                               | 30,195 | 1,331                                 | 46,337   |
|                                          |                                       | 1,548  |                                       | (16,623) |
| <b>Increase/(decrease) in funds</b>      |                                       |        |                                       |          |
| Funds at 2nd April 1977                  | 18,180                                |        | 34,803                                |          |
| Funds at 1st April 1978                  | 19,728                                | 1,548  | 18,180                                | (16,623) |

The notes on pages 12 to 17 form part of these accounts

## 1 Accounting policies

The accounts have been prepared on the historical cost convention:

### a Consolidation

The consolidated profit and loss account includes the trading results of British Home Stores (Jersey) Limited for 52 weeks and of BHS (Dublin) Limited for 24 weeks to 1st April 1978. The consolidated balance sheet includes the net tangible assets of the subsidiary companies of that date as listed in note 13.

### b Sales

The amount shown represents cash taken at the group's stores, including value added tax of £13,781,000 (1977 - £11,993,000).

### c Depreciation

#### i Freehold Properties

Depreciation is provided in respect of freehold properties and fixed equipment included therein on a straight line basis over the estimated working lives of the items involved.

#### ii Leasehold Properties

Leasehold properties are amortised over the unexpired portion of the respective leases. Equipment included therein is depreciated on a straight line basis over its estimated working life. Empty properties are not depreciated.

#### iii Fixtures, Furnishings and Equipment

Depreciation of fixtures, furnishings and equipment is provided on a straight line basis in order to write off the assets over the estimated working lives of the various categories of items involved.

### d Stocks

Stocks have been consistently valued at the beginning and end of the year at selling price less an appropriate margin to reduce the items concerned to the lower of cost and net realisable value.

### e Deferred taxation

Provision is made for deferred taxation on the liability method for:

i Corporation tax on the excess of capital allowances claimed for taxation purposes over the corresponding charges for depreciation in the accounts; and

ii Corporation tax deferred by stock appreciation relief.

Advance corporation tax to be offset against the corporation tax liability of the following year is deducted from the provision.

## 2 Profit before tax

The profit before tax, £27,022,000, has been arrived at

|                                                      | 1978<br>£000 | 1977<br>£000 |
|------------------------------------------------------|--------------|--------------|
| <i>after deducting</i>                               |              |              |
| Directors' emoluments (note 17)                      | 228          | 194          |
| Auditors' remuneration                               | 18           | 16           |
| Hire of equipment                                    | 217          | 201          |
| Share of losses of associated companies              | 221          | 18           |
| Depreciation and amortisation                        | 4,721        | 4,216        |
| Interest payable                                     | 385          | 703          |
| Contribution to pension fund                         | 949          | 905          |
| Contribution to employees share participation scheme | 300          | —            |
| <i>and after adding</i>                              |              |              |
| Interest receivable                                  | 1,328        | 2,410        |

### 3 Taxation

|                                       | 1978          | 1977          |
|---------------------------------------|---------------|---------------|
|                                       | £000          | £000          |
| United Kingdom corporation tax at 52% | 12,421        | 9,446         |
| Transfer to deferred taxation account | 1,933         | 3,897         |
|                                       | <u>14,354</u> | <u>13,343</u> |

### 4 Extraordinary items

|                                                                       | 1978       | 1977       |
|-----------------------------------------------------------------------|------------|------------|
|                                                                       | £000       | £000       |
| Surplus on disposals of properties (after deducting £37,000 taxation) | 81         | 148        |
| Discount on redemption of debenture and preference stocks             | 66         | 124        |
| Provision for exchange loss                                           | —          | (22)       |
|                                                                       | <u>147</u> | <u>250</u> |

### 5 Dividends

|                                                       | 1978         | 1977         |
|-------------------------------------------------------|--------------|--------------|
|                                                       | £000         | £000         |
| Preference dividends                                  | 21           | 21           |
| Ordinary dividends                                    |              |              |
| Declared interim – per share 2·8p<br>(1977 – 2·5163p) | 2,859        | 2,569        |
| Proposed final – per share 3·4729p<br>(1977 – 3·1p)   | 3,546        | 3,165        |
|                                                       | <u>6,426</u> | <u>5,755</u> |

### 6 Retained profit

|                      | 1978         | 1977         |
|----------------------|--------------|--------------|
|                      | £000         | £000         |
| Parent company       | 5,988        | 6,363        |
| Subsidiary companies | 401          | 287          |
|                      | <u>6,389</u> | <u>6,650</u> |

### 7 Earnings per ordinary share

The calculation of earnings per ordinary share is based on the number of shares in issue at 1st April 1978

and on the adjusted profit after taxation

The diluting effect of the employees share participation scheme is less than 5% and is not shown.

102,103,614 (1977 – 102,103,614)  
£12,647,000 (1977 – £12,134,000).

## 8 Share capital

|                                                                      | Authorised<br>£000 | Issued and fully paid        |                  | At 1st April<br>1978<br>£000 |
|----------------------------------------------------------------------|--------------------|------------------------------|------------------|------------------------------|
|                                                                      |                    | At 3rd April<br>1977<br>£000 | Redeemed<br>£000 |                              |
| Ordinary shares of 25p each                                          | 27,500             | 25,526                       | —                | 25,526                       |
| 7% (now 4.9% plus tax credit) cumulative preference stock            | 400                | 400                          | —                | 400                          |
| 4% (now 2.8% plus tax credit) redeemable cumulative preference stock | 250                | 48                           | 13               | 35                           |
|                                                                      | <u>28,150</u>      | <u>25,974</u>                | <u>13</u>        | <u>25,961</u>                |

The redeemable cumulative preference stock may be redeemed at any time on the payment of a premium of 5p per £1 stock. The company is required to set aside by 31st March in each year for the redemption of this stock the sum of £2,500 plus an amount equal to the dividend on stock previously redeemed. Any such stock not previously redeemed must be redeemed on 30th September 1995 on the payment of a premium of 5p per £1 of stock.

## 9 Reserves

|                                | Distributable<br>£000 | Non-distributable        |                                               |               | Group<br>£000 | Parent<br>Company<br>£000 |
|--------------------------------|-----------------------|--------------------------|-----------------------------------------------|---------------|---------------|---------------------------|
|                                |                       | Share<br>Premium<br>£000 | Capital<br>Redemption<br>Reserve Fund<br>£000 | Other<br>£000 |               |                           |
| Balances at 3rd April 1977     | 27,801                | 6,205                    | 208                                           | 5,797         | 40,011        | 39,068                    |
| Retained profit for the period | 6,389                 | —                        | —                                             | —             | 6,389         | 5,988                     |
| Transfers                      | (13)                  | —                        | 13                                            | —             | —             | —                         |
| Balances at 1st April 1978     | <u>34,177</u>         | <u>6,205</u>             | <u>221</u>                                    | <u>5,797</u>  | <u>46,400</u> | <u>45,056</u>             |

## 10 Deferred taxation

|                                                                                           | Group<br>£000 | Parent<br>Company<br>£000 |
|-------------------------------------------------------------------------------------------|---------------|---------------------------|
| Balances at 3rd April 1977                                                                | 17,688        | 17,614                    |
| Transfer from current taxation                                                            | 300           | 374                       |
| Transfer from profit and loss account (note 3)                                            | 1,933         | 1,722                     |
| Transfer from extraordinary items (note 4)                                                | 37            | 37                        |
| Advance corporation tax transferred, deducted from corporation tax payable 1st April 1979 | 1,631         | 1,631                     |
| Less                                                                                      |               |                           |
| Advance corporation tax                                                                   | (1,827)       | (1,827)                   |
|                                                                                           | <u>19,662</u> | <u>19,551</u>             |
| The balance at 1st April 1978 comprises                                                   |               |                           |
| Corporation tax deferred because of timing differences                                    | 15,433        | 15,433                    |
| Stock appreciation relief                                                                 | 5,945         | 5,945                     |
| Deduct                                                                                    |               |                           |
| Advance corporation tax recoverable 1st April 1980                                        | (1,827)       | (1,827)                   |
|                                                                                           | <u>19,762</u> | <u>19,551</u>             |

## 11 Loans

|                                      | Outstanding<br>at 3rd April<br>1977<br>£000 | Purchased<br>for<br>redemption<br>£000 | Outstanding<br>at 1st April<br>1978<br>£000 |
|--------------------------------------|---------------------------------------------|----------------------------------------|---------------------------------------------|
| Secured                              |                                             |                                        |                                             |
| 5½% Mortgage debenture stock 1989/94 | 1,271                                       | 57                                     | 1,214                                       |
| 6½% Mortgage debenture stock 1989/94 | 1,681                                       | 77                                     | 1,604                                       |
| 7¼% Mortgage debenture stock 1994/98 | 2,061                                       | 52                                     | 2,009                                       |
|                                      | <u>5,013</u>                                | <u>186</u>                             | <u>4,827</u>                                |

The company is required to apply by 31st December each year a total sum of £78,750 in the redemption of mortgage debenture stocks 1989/94, and a sum of £33,000 in the redemption of mortgage debenture stock 1994/98. These sums have been fully applied in respect of each year.

## 12 Fixed assets

|                                          | Group                                   |                   |                                              |               | Parent Company                          |                   |                                              |               |
|------------------------------------------|-----------------------------------------|-------------------|----------------------------------------------|---------------|-----------------------------------------|-------------------|----------------------------------------------|---------------|
|                                          | Properties including<br>fixed equipment |                   | Fixtures,<br>furnishings<br>and<br>equipment | Total         | Properties including<br>fixed equipment |                   | Fixtures,<br>furnishings<br>and<br>equipment | Total         |
|                                          | Freehold<br>£000                        | Leasehold<br>£000 | £000                                         | £000          | Freehold<br>£000                        | Leasehold<br>£000 | £000                                         | £000          |
| <i>Cost</i>                              |                                         |                   |                                              |               |                                         |                   |                                              |               |
| At 3rd April 1977                        | 12,748                                  | 45,417            | 26,255                                       | 84,420        | 9,359                                   | 45,350            | 25,970                                       | 80,679        |
| Additions during year                    | 174                                     | 8,383             | 5,831                                        | 14,388        | 35                                      | 8,382             | 4,545                                        | 12,962        |
| Disposals during year                    | (244)                                   | (20)              | (2,237)                                      | (2,501)       | (244)                                   | (20)              | (2,237)                                      | (2,501)       |
| Transfers                                | 384                                     | (384)             | —                                            | —             | 384                                     | (384)             | —                                            | —             |
| At 1st April 1978                        | <u>13,062</u>                           | <u>53,396</u>     | <u>29,849</u>                                | <u>96,307</u> | <u>9,534</u>                            | <u>53,328</u>     | <u>28,278</u>                                | <u>91,140</u> |
| <i>Depreciation and<br/>amortisation</i> |                                         |                   |                                              |               |                                         |                   |                                              |               |
| At 3rd April 1977                        | 386                                     | 6,147             | 11,681                                       | 18,214        | 386                                     | 6,123             | 11,581                                       | 18,090        |
| Charge for the year                      | 130                                     | 1,218             | 3,373                                        | 4,721         | 113                                     | 1,214             | 3,294                                        | 4,621         |
| Amount relating to<br>disposals          | (41)                                    | (5)               | (2,175)                                      | (2,201)       | (21)                                    | (5)               | (2,175)                                      | (2,201)       |
| At 1st April 1978                        | <u>495</u>                              | <u>7,360</u>      | <u>12,879</u>                                | <u>20,734</u> | <u>478</u>                              | <u>7,332</u>      | <u>12,700</u>                                | <u>20,510</u> |
| Net book values<br>at 3rd April 1977     | <u>12,362</u>                           | <u>39,270</u>     | <u>14,574</u>                                | <u>66,206</u> | <u>8,973</u>                            | <u>39,227</u>     | <u>14,389</u>                                | <u>62,589</u> |
| at 1st April 1978                        | <u>12,567</u>                           | <u>46,036</u>     | <u>16,970</u>                                | <u>75,573</u> | <u>9,056</u>                            | <u>45,996</u>     | <u>15,578</u>                                | <u>70,630</u> |

The net book value of leaseholds at 1st April 1978 include £3,442,000 (1977 - £1,535,000) in respect of leases with less than fifty years to run.

Of the cost at 1st April 1978 £186,000 (1977 - £244,000) and £3,444,000 (1977 - £3,444,000) relating to freehold properties and leasehold properties respectively represent a professional valuation at 2nd January 1960.

The freehold and leasehold properties were revalued by Hillier Parker May & Rowden, as at 29th September 1977 on an open market for existing use basis. This revaluation has not been taken into account in the book value.

### 13 Subsidiary companies

The company held 100% of the share capital of the following subsidiaries, which are resident in England unless otherwise shown:

#### Trading companies

British Home Stores (Jersey) Limited (incorporated in Jersey)

BHS (Dublin) Limited (incorporated in Eire)

Prova Investments (Ireland) Limited (incorporated in Eire)

#### Non-trading companies

British Home Stores Employees Trust Limited

British Home Stores (Wholesale) Limited

BHS (Leasing) Limited

BHS Retail Limited

Hall Crown Limited

Henry's Stores Limited

Irish Home Stores Limited (incorporated in Eire)

Scottish Home Stores Limited

|                                            | 1978         | 1977         |
|--------------------------------------------|--------------|--------------|
|                                            | £000         | £000         |
| Shares at cost                             | 441          | 421          |
| Add amounts due by subsidiary companies    | 5,099        | 3,485        |
|                                            | <u>5,540</u> | <u>3,906</u> |
| Deduct amounts due to subsidiary companies | 1,393        | 1,133        |
|                                            | <u>4,147</u> | <u>2,773</u> |

### 14 Associated companies

The company held 50% of the share capital of the following associated companies which are resident in England.

SavaCentre Limited 50 'A' Ordinary shares of £1 each (Commenced trading in November 1977)

SavaCentre (Leasing) Limited 50 'A' Ordinary shares of £1 each (Commenced trading in March 1977)

|                                                      | 1978         | 1977       |
|------------------------------------------------------|--------------|------------|
|                                                      | £000         | £000       |
| Cost of investment and loans to associated companies | 2,863        | 552        |
| Deduct Share of pre-opening losses                   | (239)        | (18)       |
| Interest in associated companies                     | <u>2,624</u> | <u>534</u> |

The share of pre-opening losses of SavaCentre Limited and SavaCentre (Leasing) Limited for the year (£221,000) has been based on draft unaudited accounts of those companies for the period ended 28th January 1978.

### 15 Current assets

|                                              | 1978          |                | 1977          |                |
|----------------------------------------------|---------------|----------------|---------------|----------------|
|                                              | Group         | Parent Company | Group         | Parent Company |
|                                              | £000          | £000           | £000          | £000           |
| Stocks (note 1)                              | 33,803        | 32,761         | 31,676        | 31,358         |
| Debtors                                      | 3,013         | 2,961          | 2,839         | 2,801          |
| Loans to trustees of executives share scheme | 123           | 128            | 187           | 187            |
| Cash and short term loans                    | 19,728        | 19,704         | 18,180        | 18,179         |
|                                              | <u>56,672</u> | <u>55,554</u>  | <u>52,882</u> | <u>52,525</u>  |



## 16 Current liabilities

|           | 1978          |                | 1977          |                |
|-----------|---------------|----------------|---------------|----------------|
|           | Group         | Parent Company | Group         | Parent Company |
|           | £000          | £000           | £000          | £000           |
| Creditors | 16,292        | 16,007         | 12,571        | 12,484         |
| Taxation  | 18,081        | 18,007         | 15,200        | 15,103         |
| Dividends | 3,546         | 3,546          | 3,165         | 3,165          |
|           | <u>37,919</u> | <u>37,560</u>  | <u>30,936</u> | <u>30,752</u>  |

## 17 Emoluments of directors and certain employees

|                                                                                                                               | 1978<br>£000 | 1977<br>£000 |
|-------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| <i>The emoluments of the directors of the company as defined by section 196 (2) of the Companies Act 1948 are as follows:</i> |              |              |
| Fees for services as directors                                                                                                | 14           | 12           |
| Other emoluments, including pension contributions and benefits                                                                | 214          | 182          |
|                                                                                                                               | <u>228</u>   | <u>194</u>   |

*The emoluments of the directors and certain employees of the company as defined by section 6 (3) of the Companies Act 1967, are as follows:*

|                             | Directors |        | Employees |        |
|-----------------------------|-----------|--------|-----------|--------|
|                             | 1978      | 1977   | 1978      | 1977   |
|                             | £         | £      |           |        |
| Chairman                    | 8,142     | 7,356  |           |        |
| Highest paid director       | 27,940    | 25,468 |           |        |
| Others in emolument scales: | Number    | Number | Number    | Number |
| Up to £2,500                | 3         | 3      |           |        |
| £ 5,001 – £ 7,500           | 2         | 1      |           |        |
| £10,001 – £12,500           | 1         | 2      | 13        | 3      |
| £12,501 – £15,000           | 2         | 5      | 1         |        |
| £15,001 – £17,500           | 4         | 1      |           |        |
| £17,501 – £20,000           | 1         | 1      |           |        |
| £20,001 – £22,500           | 1         |        |           |        |

## 18 Capital expenditure and commitments

Commitments in respect of capital expenditure at 1st April 1978 for which no provision has been made in the accounts amounted to approximately £21,962,000 (1977 – £22,443,000) in the case of the group and £21,154,000 (1977 – £21,435,000) in the case of the company. Under existing contracts the sum of £100,000 (1977 – £390,000) in each case will be recovered in respect of expenditure incurred or to be incurred on properties.

In addition, capital expenditure authorised by the directors but not contracted for amounted to approximately £7,247,000 (1977 – £1,650,000) in the case of the group and £7,247,000 (1977 – £1,650,000) in the case of the company.

## 19 Consolidated profit and loss account on current cost convention

a This statement has been prepared in accordance with the Interim Recommendation of the Accounting Standards Committee.

b The cost of sales adjustment is based on average stocks and indices issued by the Central Statistical Office.

c Additional property depreciation has been based on the current revaluation of the company's property appropriately adjusted for each year. Additional fixtures depreciation is based on indices issued by the Central Statistical Office.

d For the gearing adjustment deferred tax has been classified as a liability.

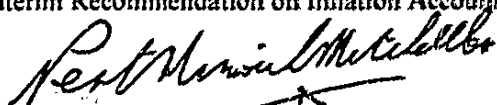
# Auditors' report

## BRITISH HOME STORES LIMITED

To the Members of British Home Stores Limited

We have examined the accounts set out on pages 10 to 17 which, with the exception of the consolidated profit and loss account on current cost convention on page 11, have been prepared under the historical cost convention. In our opinion the accounts give, under that convention, a true and fair view of the state of affairs of the company and of the group at 1st April 1978 and of the profit and the source and application of funds of the group for the year to that date, and comply with the Companies Acts 1943 and 1967.

We have examined the consolidated profit and loss account on current cost convention with notes thereon on pages 11 and 19 for the year ended 1st April 1978. In our opinion the statement has been properly prepared, in accordance with the methods set out in the notes, to give the information set out in the Accounting Standards Committee's Interim Recommendation on Inflation Accounting of November 1977.



Peat, Marwick, Mitchell & Co.  
Chartered Accountants

LONDON  
2nd May 1978

---

The market values of the company's shares and stocks at 6th April 1965 for the purposes of capital gains tax were as follows:

|                                                                        |                       |
|------------------------------------------------------------------------|-----------------------|
| • Ordinary shares                                                      | 56p per 25p share     |
| • 7% (now 4.9% plus tax credit) cumulative preference stock            | 100p per £1 unit      |
| • 4% (now 2.8% plus tax credit) redeemable cumulative preference stock | 70p per £1 unit       |
| • 5½% mortgage debenture stock 1989/94                                 | £85.50 per £100 stock |
| • 6½% mortgage debenture stock 1989/94                                 | £97.50 per £100 stock |

---

# Notice of meeting

BRITISH HOME STORES LIMITED

Notice is hereby given that the fiftieth annual general meeting of British Home Stores Limited will be held at 11.30 a.m. on Wednesday, 28th June 1978, at Marylebone House, 129-137 Marylebone Road, London NW1 5QD, for the following purposes.

## Ordinary Business

To receive and consider the directors' report and the statement of accounts for the year to 1st April 1978 together with the auditors' report.

## Resolution No. 1

To declare a dividend on the ordinary shares.

## Resolution Nos. 2-6

To elect the following directors who retire in accordance with the company's articles of association:

Sir Jack Callard

The Rt. Hon. The Earl of Lisburne

Mr D. P. Cassidy

Mr A. I. Phillips

Mr A. C. S. Hawes

## Resolution No. 7

To appoint the auditors and to authorise the directors to fix their remuneration.

## Special Business

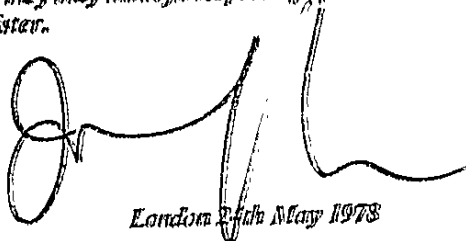
To consider and, if thought fit, to pass the following resolution No. 8 as a special resolution.

## Resolution No. 8

That the company's articles of association be and are hereby altered by the addition of the following new Article 39A:

*The company may exercise the powers conferred by sections 119 to 123 (both inclusive) of the Act with regard to the keeping of a branch register and the directors may (subject to the provisions of these sections) make and vary such regulations as they may think fit respecting the keeping of any such register.*

By order of the board  
J. N. GILDER  
Secretary



London 24th May 1978

## Notes:

- 1 Any member of the company is entitled to appoint a proxy or proxies to attend and upon a poll to vote instead of him. A proxy need not be a member of the company.
- 2 Warrants for the final ordinary dividend will be posted on the 30th June 1978 to shareholders on the company's register on 31st May 1978.

# Five year financial record

## BRITISH HOME STORES LIMITED

|                              | 1977/8  | 1976/7  | 1975/6  | 1974/5  | 1973/4  |
|------------------------------|---------|---------|---------|---------|---------|
|                              | £000    | £000    | £000    | £000    | £000    |
| Sales                        | 273,569 | 244,326 | 210,633 | 161,798 | 121,021 |
| Profit before taxation       | 27,022  | 25,498  | 21,911  | 18,596  | 15,464  |
| Taxation                     | 14,354  | 13,343  | 11,310  | 9,800   | 9,092   |
| Profit after taxation        | 12,668  | 12,155  | 10,601  | 8,796   | 6,372   |
| Extraordinary items          | 147     | 250     | (4,100) | 100     | 1,308   |
| Preference dividends         | 21      | 21      | 21      | 22      | 22      |
| Ordinary dividends           | 6,405   | 5,734   | 4,985   | 3,156   | 2,903   |
| Retained profit              | 6,389   | 6,650   | 1,495   | 5,718   | 4,755   |
| Earnings per ordinary share* | 12.39p  | 11.88p  | 10.99p  | 9.43p   | 7.79p   |
| <hr/>                        |         |         |         |         |         |
| Shareholders' interests      | 72,361  | 65,985  | 59,409  | 42,298  | 36,582  |
| Deferred taxation            | 19,762  | 17,688  | 13,516  | 9,630   | 4,076   |
| Loans                        | 4,827   | 5,013   | 19,932  | 15,984  | 5,752   |
| Capital employed             | 96,950  | 88,686  | 92,857  | 67,912  | 46,410  |
| <hr/>                        |         |         |         |         |         |
| Fixed assets and investments | 78,197  | 66,740  | 55,919  | 47,511  | 36,056  |
| Net current assets           | 18,753  | 21,946  | 36,938  | 20,401  | 10,354  |
| Employment of capital        | 96,950  | 88,686  | 92,857  | 67,912  | 46,410  |

\* After adjusting for bonus and rights issues.