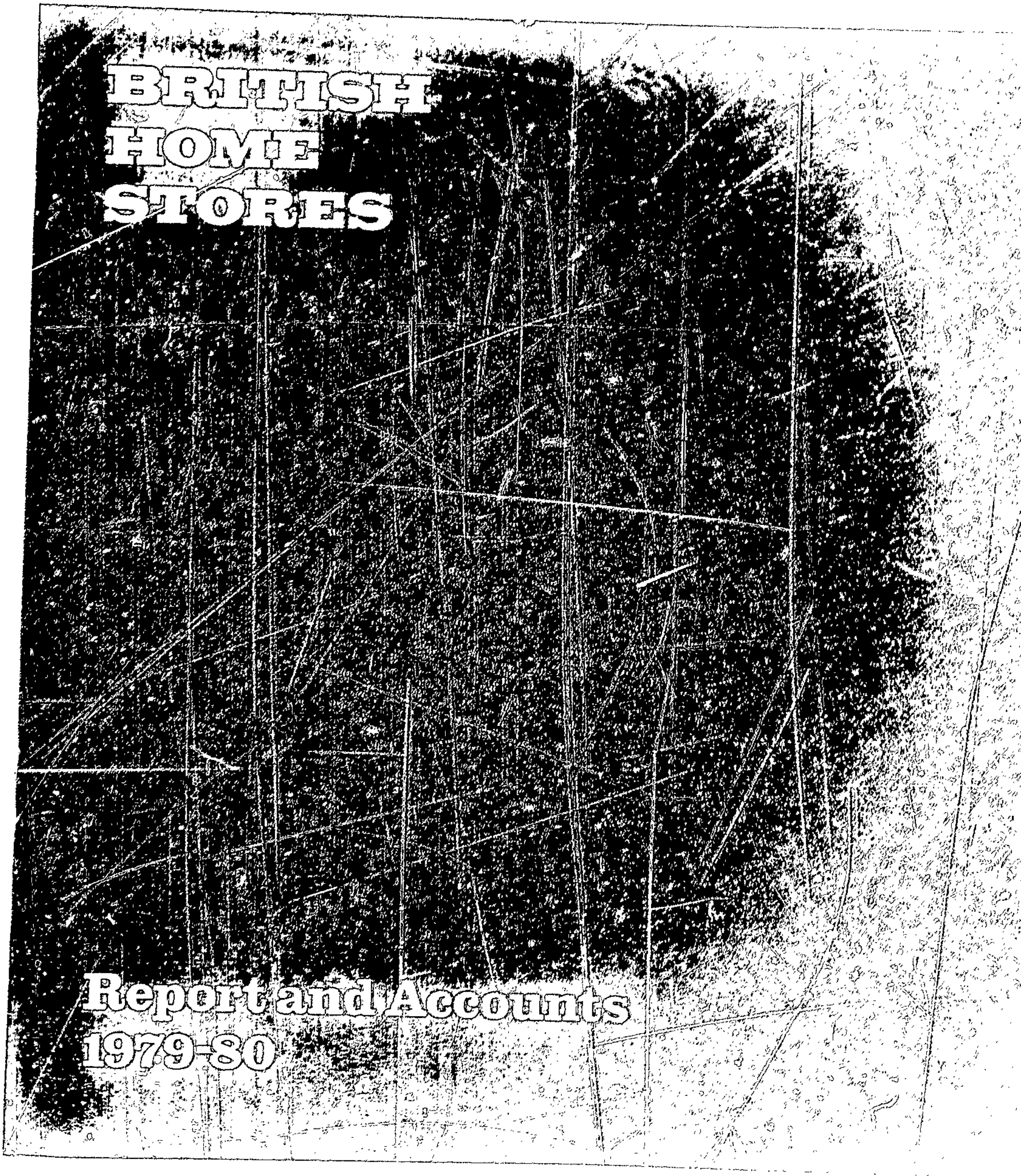
BHS



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Summary of group results

	1980	1979	Increase
	£000	£000	%
Sales (including value added tax)	401,255	324,192	+23·8
Sales (excluding value added tax)	366,346	307,324	+19·2
Profit before taxation	41,829	33,578	+24·6
Taxation	11,068	10,969	
Profit after taxation	30,761	22,609	
Earnings per ordinary share	30·0p	22·1p	
Dividend per ordinary share	8·75p	7·0p	

Financial calendar

	1980
2nd July	Annual general meeting
10th July	Final ordinary dividend payment
October	Publication of half-year interim results
	1981
2nd January	Interim ordinary dividend payment
May	Preliminary announcement of results for year

Management

Directors

Sir Jack (Eric John) Callard	*Chairman*
*C. W. Paterson, M.C.	*Deputy chairman and managing director*
*R. W. Burgess	*Deputy managing director*
*N. T. Griffin	*Assistant managing director*
*A. C. S. Hawes	*Assistant managing director*
Sir Harold Atcherley	
*D. P. Cassidy	
*A. R. Dearden, D.F.C., D.F.M.	
The Rt. Hon. Lord Godber	
*C. J. Kerr	
*T. N. S. Lenthall	
The Rt. Hon. The Earl of Lisburne	
*A. I. Phillips	
*J. F. Power	

**Executive directors*

Secretary

J. N. Gilder

Management committee

R. W. Burgess	*Chairman*
†F. H. Lister	
†A. T. Newman	
†N. P. Tinnion	
C. N. Denton	

†*Divisional directors*

Bankers: Barclays Bank Limited

Solicitors: Clifford-Turner
Field Fisher & Martineau

Auditors: Peat, Marwick, Mitchell & Co.

Registrars and transfer office

Kleinwort, Benson Limited,
The Lawn, Speen, Newbury, Berks, RG13 1QN.

Registered office

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

Chairman's statement

Accounts

The group pre-tax profit for the year ended 29th March 1980 was £41,829,000 compared with £33,578,000 the previous year, an increase of £8,251,000. The post-tax profit of £30,761,000 (before extraordinary items) against £22,609,000 showed an increase of £8,152,000.

On 17th October 1979, an interim ordinary dividend of 3·5p per share was declared, payable on 2nd January 1980. The directors now recommend a final ordinary dividend of 5·25p per share payable on 10th July 1980, making 8·75p per share for the year. The total ordinary dividend absorbs £8,955,000 of the post-tax profit, compared with £7,154,000 last year, and after payment of the preference dividends and adjustments for extraordinary items, the retained profit is £22,377,000.

There were two main contributory factors leading to the relatively low tax charge. Because of our development programme, under which eight new stores were opened in the second half of the year, capital expenditure qualifying for tax relief was higher and the requirements of the new stores led in part to the substantial increase in year-end stock, on which stock appreciation relief is allowed.

The resultant 3·4 cover for the ordinary dividend under the historical cost accounting convention is high. On the full tax charge basis usually taken for inter company comparison, the cover would be maintained at 2·2. In determining dividend policy in present economic conditions, however, it is prudent to use current cost convention accounting as a measure and this reduces the cover to 2·7, or 1·5 with a full tax charge. In all the circumstances, your directors consider that the 25% dividend increase for the year under review is reasonable and that the resulting level of distribution provides a sound base for the pursuit of a progressive dividend policy now that control regulations have been removed.

Trading

Sales were 23·8% above those for the previous year but comparison is blurred by the June 1979 increase in the rate of value added tax. The increase excluding the tax was 19·2%.

The rate of inflation accelerated during the year but even so the merchandise sales achieved represented an increase in volume, which came primarily from stores in operation throughout the year. Although selling space was increased by some 8%, owing to the timing of new store openings the sales contribution from the expansion was only about one third of that. Full advantage from the new outlets will come in the current year.

The pattern of trade throughout the year was fairly steady. We did not benefit greatly from the brief consumer spending boom prior to the value added tax change, nor did we suffer unduly immediately thereafter. The only minor set-back came in November but sales recovered in time for us to enjoy successful trading in the peak Christmas period and were well maintained in the final quarter.

Merchandise contributed 78·5% of total sales (including value added tax), showing an improvement of 27·4% over the previous year. Increases gained were well spread over all departments but the most notable advances came from children's clothing, lighting and housewares. Retailers generally had disappointing summer season sales of fashion goods because of the poor weather but, while we did not quite reach our targets in this particular area, our sales were well above the national average and we had no major stock carry over problem. Our experience in recently introduced sections was mixed. The decorative housewares section, which includes silverware and other high priced items, has become an established success and we are already among the market leaders in pictures and prints. Records and small electrical goods, on the other hand, did not come up to expectations and these sections will not be developed.

Good progress was made in our food business. Following the closure last year of twenty-five departments in which development was impractical, the installation of checkouts in the remaining fifty-four was completed during the year and re-fixturing is proceeding well. Continued extension of the product range included the successful launch of an attractive selection of wines which are now on sale at forty-two stores.

The 7·8% food sales increase for the year does not properly reflect progress because of the timing of department closures in 1978/9 and I am pleased to say that by the end of March the sales advance was running in the region of 20% on a strictly comparable basis, indicating an encouraging level of customer acceptance of our new marketing approach. The changes have resulted in a better profit contribution from food departments but the objective is to achieve still further improvement.

The restaurants, too, continued to make progress with a sales increase of 25·9% (including value added tax) and in view of the discernible change in the eating out habits of the public, this must be considered a satisfactory performance. There is no doubt that the cost of a full meal for a family in any restaurant has increased dramatically and we are having to take this into account in our menu planning.

We have a well established reputation for high standards and efficiency in catering but we are continually striving to improve the operation to maintain the provision of first class meals in attractive surroundings at reasonable prices. We now

Chairman's statement *continued*

operate fifty-six restaurants and they will form an integral part of all new stores where space permits.

A greater merchandise participation in total sales, coupled with stringent control of operating expenses, enabled us to maintain our net profit margin on sales including value added tax. If the tax is excluded, there was a slight improvement in the net profit margin, which must be considered a commendable performance in view of the intensely competitive retailing environment.

The improvement was achieved in another year when our market share increased and the strategy which has led to our advance will continue. We will still follow our trading up policy – that is to say, the addition to our ranges of higher priced merchandise representing real value for money. This will be a continuing process, as it has been in recent years, so that we do not risk losing our mass appeal. Regardless of their so called socio-economic class, people will always look for value for money and that is what we must offer to remain able to withstand competitive pressures.

Credit

Over the past year a number of multiple retailers have introduced house credit schemes to extend customer choice in method of payment. We have traditionally been a cash business but for some time now have accepted payment by bank credit cards. The proportion of our business for which these cards are used has increased but any form of credit is expensive for customers when interest rates are so high and we have not hurried into launching our own house scheme. We are not convinced that an extension of credit facilities would necessarily be of immediate benefit either to our customers or to us but it seems inevitable that credit sales will form a growing proportion of consumer spending and we have under consideration the possibility of introducing a limited house scheme later in the year.

Buying policy

By far the largest proportion of our non-food sales are made in the textile area. Much publicity is being given to the plight of the UK textile industry, with demands for greater protection against imports and more concentration on import substitution. It is important that you know where your company stands in its relationship with producers of textile merchandise.

The textile garment industry in the UK is comprised of a large number of small to medium sized fabric or garment producers and a few large national or multi-national conglomerates which are often totally vertical, covering all phases of production from yarn to finished goods through to made-up garments. We pride ourselves in having a very close working relationship with all manufacturing sectors of the industry. We are trading with about five hundred companies in the small to medium category and with most large producers. In some cases, our trading relationship has lasted for almost as long as BHS has been in existence. It therefore follows that the majority of our textile purchases, in the region of 70%, are obtained from sources within the UK. The remainder, which are subjected to the same stringent tests for reliability and quality standards applied to all of our garments, come from overseas – a growing proportion of these being from within the EEC. Because they have often come later into the field of textile production and are dealing with huge markets throughout the world, our overseas suppliers have some of the most modern plant and machinery, with employee working conditions comparable with their UK counterparts.

Many craft skills are being kept alive, and new techniques sought, because of the sophistication and standards demanded by customers throughout the world. Our imports are used to enhance our merchandise ranges, often reflecting skills and a sophistication of product which is not readily available in the UK, and certainly they have made a contribution to the excellent sales increase which, in the end, must be of benefit to our domestic suppliers. This is part of a marketing strategy with which we will persevere.

We value and are very grateful for the contribution which all our suppliers, both at home and overseas, have made and look forward to a continuing happy relationship with them.

Store development

The financial year saw the largest physical expansion in the company's history, with the opening of new stores at Staines, Kilmarnock, Clydebank, Perth, Milton Keynes and Warrington, replacement stores at Kingston and Manchester and extensions at St. Helier (Jersey) and Glasgow.

All the new stores except Milton Keynes and Warrington opened in time for Christmas trading, no less than five of them starting to trade in one period of three weeks. This concentrated opening programme put a great strain on all our resources and its successful completion was due to the meticulous planning of the complex operation and to the enthusiasm of all the staff involved.

This year, we expect to open a new store at Eastbourne and a replacement unit at Maidstone in time for Christmas trading and to complete an extension at St. Albans.

As only two stores will be opening this year, it might appear that our development programme is being curtailed but this is not the case. We prefer to open stores at an even rate but cannot control the length of the building programmes and have to acquire units as and when they become available. Our development plans remain ambitious and building work is already proceeding for new stores at Motherwell, Redditch, Peterborough and Woking. Negotiations for others are in hand.

During the year, we also opened two attractive specialist shops which carry our full ranges of lighting equipment and household goods. These have done well so far and the third is scheduled to open at Guildford early in 1981.

We need more trading experience in the new venture before undertaking any large commitment but we are hopeful that we shall establish more of these shops as a secondary development in towns which do not warrant a major store investment or where no suitable large store site is available.

Quite apart from physical expansion, we have embarked on a major programme of internal improvements. I have already mentioned the changes in our food departments. Another significant benefit has arisen from the installation of new lighting canopies, which give a vastly improved and extended lighting display and help us present a comprehensive household section. They have been installed in eighty stores and the remainder should be completed this year.

The general appearance of our stores is also receiving attention. We are making fuller use of carpeting, introducing new colour schemes in our decor and in many cases replacing the traditional rectangular counters with new display fixtures. This programme will cover an extended period but our stores must be attractive, modern places in which to shop, properly reflecting our merchandise marketing policy.

The implementation of our development plans, which include our electronic point of sale project, will involve a high level of capital expenditure and there will be further investment in SavaCentre, our joint hypermarket venture with Sainsbury's. We are convinced that this extensive capital programme is essential if we are to maintain our growth rate and profitability over the next decade.

Luton offices

In my statement last year, I referred to the planned relocation of our computer operations and accounts departments at Luton. The move has now been completed, with resultant benefit to both departments, and the pressure for space at our Marylebone head office has been relieved.

SavaCentre

SavaCentre made substantial progress during the year. Sales were ahead of forecast and the company achieved a break even trading situation after bearing a substantial part of the pre-opening costs relating to two more hypermarkets. These are at Basildon, which opened with good results in March of this year, and Oldbury, which is due to open in October.

The sales performance to date is encouraging and provides a sound base for future profitability. But the development of a new venture of this magnitude requires substantial capital and the investment must be considered long term. The cost of sites and buildings is escalating and each new hypermarket possibility demands the closest appraisal. We envisage having six outlets operating before SavaCentre becomes largely self-funding and makes a meaningful contribution to parent company profits. With our plans to open one more hypermarket annually from 1981 onwards we are moving steadily towards achieving this objective and can look ahead with confidence.

Staff

The increase in the average number of employees compared with the previous year arose from our development programme, which brought new jobs to many areas, some of which – like Scotland and the north west – are suffering from severe unemployment. It is a source of satisfaction to us that we have been able to provide these additional employment opportunities.

During the year, we also made a major change in our store staff working arrangements to give our full time sales assistants every weekend off. Not only does this make their job more attractive, it also provides a meaningful work experience programme for ten thousand predominantly young people. Nearly all the staff in our stores on a Saturday are working for one day a week only, the majority of them being in their last years of education.

Freedom from pay policy constraints allowed us to make our own judgements about appropriate management salary levels, so that we were able to resolve some recruitment and retention problems. However, during the year the newly constituted Retail Wages Councils introduced an interim award which caused us and most other retailers to increase sales assistants' rates of pay unexpectedly and within a shorter time scale than the normal twelve month period. While we would not argue against the proposition that good wages should be paid for a good job well done, we are concerned at the effect continually escalating pay rates could have on our ability to continue to offer increased employment opportunities.

Despite the worsening national employment situation, the retail industry continues to experience difficulty in retaining sales staff. We recognise the importance of training in order to maintain standards of customer service and provide for the career development of the individual. More resources than ever before are being applied to training programmes which use the latest teaching methods. For management too, education and development ranks high in our priorities and the fact that the average age of our store managers is in the mid-thirties illustrates the real promotion prospects open to young people in a progressive retailing company.

Chairman's statement *continued*

No company can be better than the people in it and our progress over the last decade proves that we have a first class team well able to meet challenges as they arise. I thank all our management and staff for their continued, enthusiastic efforts.

Employee share ownership

The allocation of pre-tax profit to The BHS Employees Share Participation Scheme was increased to £800,000 for the year 1979/80, resulting in almost 200,000 shares to be issued to participants. There are currently about 6,500 employees in the scheme and we are particularly pleased that the number who have sold their shares is minimal.

Following the success of this scheme in extending employee share ownership, we are seeking shareholders' approval to introduce a share option scheme whereby executive directors and selected senior executives may be given an added incentive to contribute to the continued growth of the company. Details of the proposed scheme are enclosed with the report and accounts.

Pension fund

The contribution to the pension fund showed another significant increase because of its direct relationship to members' remuneration. A further increase will take place this year because existing pensions to retired employees will be increased by 12½% and because of further growth in remuneration. It is not possible for the fund to provide index linked pensions when the rate of inflation is so high but this latest increase, together with that in the state pension, should afford our retired employees some protection of their standard of living.

Those who have retired are very important to us. They are still our colleagues and their number is increasing rapidly. In recognition of that fact, we are introducing a pre-retirement programme for all staff retiring from this year onwards, as well as taking steps to formalise contacts with those who have already done so.

Board

In my statement last year I referred to the then impending retirement of our non-executive deputy chairman, Mr K. C. B. Mackenzie, and there have since been other board changes.

Mr J. F. Power was appointed a director in November, bringing to the board financial expertise gained through long professional and retailing experience.

Mr J. C. Cummings decided to retire early and resigned from the board in December after seventeen years service with the company, for the last nine of which he was a buying director. We are grateful to him for his contribution to the business and extend to him our best wishes for the future.

At the end of July this year our managing director, Mr C. W. Paterson, will relinquish his responsibilities as chief executive after thirty-three years with the company. Mr Paterson started his long service as a store management trainee and moved progressively through all areas of the company's operations, being appointed a director in 1960, deputy managing director in 1967, and then managing director in 1972.

The company's remarkable progress since then is itself a tribute to his qualities of leadership. He has established BHS as a major force in UK retailing and leaves it well poised for further progress. We thank him for his outstanding contribution.

I am pleased to say that his association with the company will not be broken. In June last year Mr Paterson became deputy chairman and he will continue to hold that office as a non-executive director, so that the benefit of his experience will still be available to us. He will also become chairman of British Home Stores Employees Trust Limited.

Mr Paterson's successor will be Mr R. W. Burgess, who joined the company in 1940, also as a trainee in stores. After war service, Mr Burgess moved on to the buying side of the business and his first appointment as a buyer was in 1950. Since then he has assumed increasing responsibilities, being appointed a director in 1968 and assistant managing director in 1973 with particular responsibility for overall buying policy.

Mr Burgess became deputy managing director in 1978 and has an excellent, detailed, knowledge of the business. He assumes his new role as chief executive with high standards to maintain. My colleagues and I are confident he will lead the company forward to achieve impressive goals.

Outlook

As we enter a new decade the competitive pressures seem likely to become more, rather than less, intense. Retailers will have to contend with difficult trading conditions and an increase in our market share becomes a formidable objective in a year when the total volume of retail sales is forecast to decline by 2% and when inflation is already running at over 20%.

However, we have made a satisfactory start in the first weeks of the current financial year and I am confident that our performance will again be above average. With our marketing and development policies, and with our resources of keen and able employees at all levels, we are well placed to meet the future.

Directors' report

The directors submit their report at 12th May 1980, and the accounts for the fifty-two weeks to 29th March 1980.

Profits and dividends
The operating profit for the year after providing for taxation was £30,761,000. After taking into account extraordinary items, the profit for the year after providing for taxation was £31,352,000. With the exception of certain subsidiary companies, provision has not been made for taxation deferred by reason of capital allowances and stock appreciation relief, in the light of the reasonable probability that the taxation deferred will so remain as a result of continuing capital expenditure and further increases in stock levels. The taxation charge of £11,068,000 would have been £22,184,000 had full provision been made for deferred taxation. An interim dividend of 3·5p per share on the ordinary shares, and dividends on the preference stocks, have been paid at a net cost of £3,602,000.

The directors recommend payment on 10th July 1980 of a final dividend of 5·25p per share on the ordinary shares. This dividend requires £5,373,000 leaving £22,377,000 to be added to reserves. The total ordinary dividend will absorb £8,955,000 (1979–£7,154,000) of the profit after taxation.

BHS Employees Share Participation Scheme
Under the scheme to enable employees to acquire ordinary shares of the company through the application of profit-related bonuses, as approved by shareholders on 16th November 1977, 129,811 ordinary shares were allotted on 18th July 1979 at an issue price of 263.125p per share.

Directors
The present directors of the company, whose names appear on page 3, served as directors for the whole of the financial year, except in the case of Mr J. F. Power who was appointed a director on 14th November 1979.

In accordance with the provisions of the company's articles of association, Mr R. W. Burgess, Lord Godber, Mr N. T. Griffin, Mr A. R. Dearden and Mr J. F. Power retire as directors and, being eligible, offer themselves for re-election. Mr K. C. B. Mackenzie and Mr J. C. Cummings retired from the board on 27th June and 31st December 1979 respectively.

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

	Ordinary Shares of 25p each		7% Cumulative Preference Stock	
	29th March 1980 Shares	31st March 1979 Shares	29th March 1980 £	31st March 1979 £
Sir Jack Callard	900	900		
C. W. Paterson	20,843	23,263	100	100
R. W. Burgess	8,374	10,297		
N. T. Griffin	6,697	9,212	100	100
Sir Harold Atcherley	1,000	1,000	100	100
D. P. Cassidy	1,339	3,255		
A. R. Dearden	1,986	3,370		
Lord Godber	1,000	1,000		
A. C. S. Hawes			100	100
C. J. Kerr	3,058	2,976		
T. N. S. Lenthall	1,161	4,798		
The Earl of Lisburne	*83,040	115,640	100	100
A. I. Phillips	2,117	3,031		
J. F. Power	1,000	–		

* This figure includes a non-beneficial interest in 65,200 shares (1979 – 97,800).

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

There have been no changes in the directors' interests in the company's shares and stock from 30th March to 12th May 1980.

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*

Redemption of preference shares
At the annual general meeting on 27th June 1979, it was resolved that, forthwith on the redemption of the 4% (2·8% plus tax credit) redeemable cumulative preference stock, each of such authorised and unissued or redeemed preference stock units of £1 be converted into an unclassified share of £1. Final redemption took place on 31st October 1979.

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 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
G.R.E. Nominees Limited	13,000 stock units

(For details of share capital see note 8 on page 15)

Employees

	1979/80	1978/79
The average weekly number of employees of the group, including 16,226 part-time workers (1978/79–15,006) was	26,800	25,669
and their aggregate remuneration, including employer's national insurance contributions, was	£50,472,000	£41,880,000

Principal activity
The group carries on business as retailers through variety chain stores throughout the United Kingdom and also in Ireland and Jersey. There are currently one hundred and fifteen stores.

Donations
The total amount donated for charitable purposes was £57,000. 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 £4,883,063 mainly for sale in group stores in St. Helier, Jersey and in Dublin, and to a minor extent as direct export sales.

Fixed assets
An independent valuation of the group's freehold and leasehold properties was carried out by Hillier Parker May & Rowden as at 29th September 1977. The valuation totalled £99,889,250. After taking account of additions at cost and disposals since the previous directors' report, it is the opinion of the directors that the value of the group's properties at the 29th March 1980 is not less than that valuation. It is the intention of the directors during the coming year to have all the group's freehold and leasehold properties professionally revalued.

Taxation status
The company is not a close company as defined in the Income and 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 12th May 1980

Consolidated profit and loss account

for the 52 weeks to 29th March 1980

	Notes	52 weeks to 29th March 1980 £000	52 weeks to 31st March 1979 £000
Sales (including value added tax)	1	401,255	324,192
Value added tax		34,909	16,868
Sales (excluding value added tax)		366,346	307,324
Profit before interest and taxation	2	41,543	32,786
Interest	2	286	792
Profit before taxation	2	41,829	33,578
Taxation	3	11,068	10,969
Profit after taxation		30,761	22,609
Extraordinary items	4	591	241
Profit for the year		31,352	22,850
Dividends	5	8,975	7,174
Retained profit for the year	6	22,377	15,676
Retained profit at beginning of the year		71,102	55,438
Transfer to capital redemption reserve fund	9	(23)	(12)
Retained profit at end of the year		93,456	71,102
Earnings per ordinary share	7	30·0p	22·1p

Balance sheets

at 29th March 1980

	Notes	29th March 1980 Group £000	29th March 1980 Parent Company £000	31st March 1979 Group £000	31st March 1979 Parent Company £000
Capital employed					
Issued share capital	8	25,984	25,984	25,975	25,975
Reserves	9	106,195	103,280	83,509	81,389
		132,179	129,264	109,484	107,364
Deferred taxation	10	1,957	1,377	518	—
Loans	11	4,382	4,382	4,656	4,656
		138,518	135,023	114,658	112,020
Use of capital					
Fixed assets	12	110,624	104,817	87,591	82,057
Investment in subsidiary companies	13	—	5,501	—	3,728
Assets less liabilities of BHS (Leasing) Limited	20	2,187	—	30	—
Investment in associated companies	14	10,631	10,631	5,597	5,597
Deferred asset	15	—	—	786	786
Current assets	16	*80,624*	*78,825*	*74,952*	*73,626*
Current liabilities	17	*65,548*	*64,751*	*54,298*	*53,774*
Net current assets		15,076	14,074	20,654	19,852
		138,518	135,023	114,658	112,020

Jack Callard

C W Paterson

JACK CALLARD
C. W. PATERSON
Directors

The accounting policies and notes on pages 13 to 21 form part of these accounts

Consolidated current cost profit and loss account

for the 52 weeks to 29th March 1980

	Notes	52 weeks to 29th March 1980 £000	52 weeks to 31st March 1979 £000
Sales (excluding value added tax)	1	366,346	307,324
Profit before interest and taxation as in the historical cost accounts	2	41,543	32,786
Deduct Current cost adjustments	21 (b)	6,830	5,195
Current cost operating profit		34,713	27,591
Add Gearing adjustment	21	655	160
Interest	2	226	792
Current cost profit before taxation and extraordinary items		35,654	28,543
Deduct Taxation	3	11,068	10,969
Extraordinary items	21 (c)	210	198
Current cost profit after taxation		24,376	17,376
Dividends	5	8,975	7,174
Retained current cost profit for the year		15,401	10,202
Current cost earnings per share		23·9p	17·2p
Statement of retained profits/reserves			
Retained current cost profit for the year		15,401	10,202
Movements on current cost reserve	21 (e)	(18,473)	5,474
Movements on other reserves		309	172
Retained profits/reserves at beginning of the year		137,193	121,345
Retained profits/reserves at end of the year		134,430	137,193

Consolidated current cost balance sheet

at 29th March 1980

	Notes	29th March 1980 £000	31st March 1979 £000
Capital employed			
Issued share capital	8	25,984	25,975
Current cost reserve	21 (e)	40,685	59,158
Reserves		93,745	78,035
		160,414	163,168
Deferred taxation	10	1,957	518
Loans	11	4,382	4,656
		166,753	168,342
Use of capital			
Fixed assets	21 (d)	138,859	141,275
Assets less liabilities of BHS (Leasing) Limited	20	2,187	30
Investment in associated companies	14	[illegible],631	5,597
Deferred asset			786
Current assets	16	80,624	74,952
Current liabilities	17	65,548	54,298
Net current assets		15,076	20,654
		166,753	168,342

The accounting policies and notes on pages 13 to 21 form part of these accounts

Source and application of funds

for the 52 weeks to 29th March 1980

	52 weeks to 29th March 1980 £000	52 weeks to 29th March 1980 £000	52 weeks to 31st March 1979 £000	52 weeks to 31st March 1979 £000
Source of funds				
Profit before taxation and extraordinary items		41,829		33,578
Extraordinary items		591		241
		42,420		33,319
Adjustments for items not involving the movement of funds				
Depreciation		6,989		5,489
(Profits) losses retained in associated companies		(15)		253
(Profits) relating to BHS (Leasing) Limited		(97)		(23)
Total generated from operations		49,297		39,538
Funds from other sources				
Capital raised under employees share participation scheme		318		198
		49,615		39,736
Application of Funds				
Net capital expenditure	30.022		17,508	
Taxation and group relief paid	13,315		10,977	
Dividends paid	7,588		6,734	
Investment in BHS (Leasing) Limited	2,106		—	
Investment in associated companies	5,034		3,291	
Redemption of preference/debenture stock	274		182	
Increase in stocks	15,929		9,754	
Increase in debtors	2,925		850	
Increase in creditors	(9,971)		(4,517)	
		67,222		44,779
		(17,607)		(5,043)
Movement in net liquid funds				
(Decrease) increase in certificates of tax deposit		(10,883)		18,500
Increase in bank overdraft		(4,425)		(1,184)
Decrease in cash and short term loans		(2,299)		(22,359)
		(17,607)		(5,043)

The accounting policies and notes on pages 13 to 21 form part of these accounts.

Accounting policies

a Basis

Except where otherwise stated, the accounts have been prepared on the basis of the historical cost convention.

b Consolidation

i The consolidated profit and loss account includes the results of the trading subsidiary companies as listed in note 13, for the 52 weeks to 29th March 1980.

ii The consolidated balance sheet includes the net tangible assets of all the subsidiary companies at that date as listed in note 13, with the exception of BHS (Leasing) Limited. It is considered that the business of this company is so dissimilar from that of the other companies within the group that a consolidated balance sheet which included BHS (Leasing) Limited would be misleading. Accordingly, the net total of assets less liabilities of BHS (Leasing) Limited is included separately in the consolidated balance sheet and a summary of the assets less liabilities is shown in note 20.

iii The balance sheets of overseas subsidiaries have been translated to sterling at the rate of exchange ruling when the amounts at which the assets and liabilities stated therein were established.

c Depreciation

i Freehold properties
Depreciation is provided in respect of freehold properties and fixed equipment included therein on a straight line basis at 1% and 5% per annum respectively.

ii Leasehold properties
Properties having a lease with more than 99 years to run are amortised on a straight line basis at 1% per annum. Other leasehold properties are amortised over the unexpired portion of the respective leases. Equipment included in leasehold properties is depreciated on a straight line basis at 5% per annum. Empty properties are not depreciated.

iii Fixtures, furnishings and equipment
Depreciation of fixtures, furnishings and equipment is provided on a straight line basis at annual rates of between 10% and 25% 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 timing differences arising from the inclusion of items of income and expenditure in the accounts of a different period from that in which they are dealt with for taxation purposes. Provision is not made for taxation deferred by reason of capital allowances and stock appreciation relief where it is considered that there is a reasonable probability that the taxation deferred will so remain as a result of continuing capital expenditure and further increases in stock levels. Advance corporation tax to be offset against the corporation tax liability of the following year is deducted from the provision.

Notes on the accounts

1 Sales (including value added tax)

The amount shown represents cash taken at the group's stores analysed as follows:

	1980 £000	1979 £000	Increase %
Merchandise	314,932	247,185	+ 27·4
Food	63,460	58,850	+ 7·8
Restaurant	22,863	18,157	+ 25·9
Total sales	401,255	324,192	+ 23·8

2 Profit before taxation

The profit before taxation £41,829,000, of which £40,495,000 (1979–£32,345,000) has been dealt with in the accounts of the parent company and £97,000 (1979–£23,000) in the accounts of BHS (Leasing) Limited, has been arrived at

	1980 £000	1979 £000
after adding		
Interest receivable	1,784	1,449
Less: Interest payable	(1,498)	(657)
	286	792
Share of profits (losses) of associated companies	15	(253)
and after deducting		
Directors' emoluments (see note 18)	338	258
Auditors' remuneration	33	24
Hire of equipment	593	298
Depreciation and amortisation	6,989	5,489
Contribution to pension fund	3,023	2,054
Contribution to employees share participation scheme	800	500
BHS (Leasing) Limited—Depreciation	797	260
—Interest	37	122
—Leasing rents receivable	(1,415)	(448)

3 Taxation

	1980 £000	1979 £000
United Kingdom corporation tax at 52%	5,806	8,924
Deduct Loss relief in respect of associated companies	(794)	(1,557)
	5,012	7,367
Overseas taxation	430	128
Transfer to deferred taxation account (including BHS (Leasing) Limited – £2,993,000)	5,556	3,409
Share of deferred taxation charge of associated company	70	65
	11,068	10,969

The taxation charge for 1980 would have been £22,184,000 (1979–£17,001,000) had full provision been made for deferred taxation and reflects £2,946,000 (1979–£2,018,000) payable to BHS (Leasing) Limited in respect of the relief of that company's [illegible] loss against the profit of British Home Stores Limited.

4 Extraordinary items

	1980 £000	1979 £000
Surplus on disposals of properties	483	176
Discount on redemption of debenture and preference stocks	108	65
	591	241

5 Dividends

	1980 £000	1979 £000
Preference dividends	20	20
Ordinary dividends		
Declared interim – per share 3·5p (1979 – 3·1p)	3,582	3,168
Proposed final – per share 5·25p (1979 – 3·9p)	5,373	3,986
	8,975	7,174

6 Retained profit

	1980 £000	1979 £000
Parent company	21,582	14,900
Subsidiary companies	795	776
	22,377	15,676

7 Earnings per ordinary share

The calculation of earnings per ordinary share is based on the number of shares in issue at 29th March 1980 102,336,042 (1979 – 102,206,231) and on the adjusted profit after taxation £30,741,000 (1979 – £22,589,000)

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

8 Share capital

	Authorised	Issued and fully paid			
		At 1st April 1979	Redeemed	Employees Scheme – issued	At 29th March 1980
	£000	£000	£000	£000	£000
Ordinary shares of 25p each	27,500	25,552	—	32	25,584
7% (4·9% plus tax credit) cumulative preference stock	400	400	—	—	400
4% (2·8% plus tax credit) redeemable cumulative preference stock	—	23	23	—	—
Unclassified shares of £1 each	250	—	—	—	—
	28,150	25,975	23	32	25,984

9 Reserves

	Balances at 1st April 1979	Retained profit for the year	Issue of shares	Transfers	Balances at 29th March 1980
	£000	£000	£000	£000	£000
Parent company					
Distributable	72,843	21,582	—	(23)	94,402
Non-distributable					
—Share premium	6,377	—	309	—	6,686
—Capital redemption reserve fund	233	—	—	23	256
—Other	1,936	—	—	—	1,936
Total	81,389	21,582	309	—	103,280
Group					
Distributable	71,102	22,377	—	(23)	93,456
Non-distributable					
—Share premium	6,377	—	309	—	6,686
—Capital redemption reserve fund	233	—	—	23	256
—Other	5,797	—	—	—	5,797
Total	83,509	22,377	309	—	106,195

10 Deferred taxation

	Group £000	Parent Company £000
Balances at 1st April 1979	518	—
Transfer of deferred asset as at 1st April, 1979 (note 15)	(786)	(786)
Transfer from profit and loss account (note 3)	2,563	2,501
Advance corporation tax deducted from corporation tax payable 1st April 1981	1,964	1,964
Deduct Advance corporation tax recoverable 1st April 1982	(2,302)	(2,302)
Balances at 29th March 1980	1,957	1,377

The total potential deferred tax liability and the amount provided are as follows:

	Group		Parent Company	
	Potential £000	Provided £000	Potential £000	Provided £000
Capital allowances	24,715	580	24,217	—
Other timing differences	3,081	2,119	2,997	2,119
Stock appreciation relief	9,682	1,560	9,682	1,560
Deduct Advance corporation tax recoverable 1st April 1982	(2,302)	(2,302)	(2,302)	(2,302)
	35,176	1,957	34,594	1,377

The potential liability at 29th March 1980 has been reduced by £5,189,000 in respect of stock appreciation relief which has now become permanent.

11 Loans

	Outstanding at 1st April 1979 £000	Redeemed £000	Outstanding at 29th March 1980 £000
Secured			
5½% Mortgage debenture stock 1989/94	1,107	130	977
6½% Mortgage debenture stock 1989/94	1,576	77	1,499
7¼% Mortgage debenture stock 1994/98	1,973	67	1,906
	4,656	274	4,382

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 fixed equipment		Fixtures, furnishings and		Properties including fixed equipment		Fixtures, furnishings and	
	Freehold £000	Leasehold £000	equipment £000	Total £000	Freehold £000	Leasehold £000	equipment £000	Total £000
Cost								
At 1st April 1979	12,918	63,684	35,385	111,987	9,235	63,201	33,622	106,058
Additions during year	4,380	13,743	12,538	30,661	4,292	13,531	12,343	30,166
Disposals during year	(271)	(84)	(1,618)	(1,973)	(271)	(84)	(1,618)	(1,973)
Transfers	(776)	776	—	—	(776)	776	—	—
At 29th March 1980	16,251	78,119	46,305	140,675	12,480	77,424	44,347	134,251
Depreciation and amortisation								
At 1st April 1979	649	8,812	14,935	24,396	595	8,769	14,637	24,001
Charge for the year	159	1,890	4,940	6,989	124	1,868	4,775	6,767
Amount relating to disposals	(49)	(46)	(1,239)	(1,334)	(49)	(46)	(1,239)	(1,334)
At 29th March 1980	759	10,656	18,636	30,051	670	10,591	18,173	29,434
Net book values at 1st April 1979	12,269	54,872	20,450	87,591	8,640	54,432	18,985	82,057
at 29th March 1980	15,492	67,463	27,669	110,624	11,810	66,833	26,174	104,817

The net book value of leaseholds at 29th March 1980 in respect of leases with less than fifty years to run includes £6,867,000 (1979 – £5,239,000) in the case of the group, and £6,615,000 (1979 – £5,038,000) in the case of the company.
Of the cost at 29th March 1980, £186,000 (1979 – £186,000) and £3,444,000 (1979 – £3,444,000) relating to freehold properties and leasehold properties respectively represent a valuation at 2nd January 1960.
The freehold and leasehold properties were revalued 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 registered in England unless otherwise shown:

Trading companies

British Home Stores (Jersey) Limited (incorporated in Jersey)
BHS (Dublin) Limited (incorporated in Eire)
BHS (Leasing) Limited
Prova Investments (Ireland) Limited (incorporated in Eire)

Non-trading companies

British Home Stores Employees Trust Limited
British Home Stores (Wholesale) Limited
BHS Retail Limited
Hall Crown Limited
Henry's Stores Limited
Irish Home Stores Limited (incorporated in Eire)
Scottish Home Stores Limited

	1980 £000	1979 £000
Shares at cost	441	441
Add Amounts due by subsidiary companies	6,632	4,527
	7,073	4,968
Deduct Amounts due to subsidiary companies	1,572	1,240
	5,501	3,728

14 Associated companies

The company held 50% of the share and loan capital of the following associated companies, which are registered in England:
SavaCentre Limited 50 'A' Ordinary shares of £1 each
SavaCentre (Leasing) Limited 50 'A' Ordinary shares of £1 each

	1980 £000	1979 £000
Cost of investment and loans to associated companies	11,240	6,154
Deduct Share of losses	609	557
Interest in associated companies	10,631	5,597

The results of SavaCentre Limited and SavaCentre (Leasing) Limited for the year have been based on audited accounts of those companies for the year ended 26th January 1980.

15 Deferred asset

	1980 £000
Balance as at 1st April 1979	786
Transfer to deferred taxation (Note 10)	(786)
Balance as at 29th March 1980	—

16 Current assets

	1980 Group £000	1980 Parent Company £000	1979 Group £000	1979 Parent Company £000
Stocks	59,486	57,989	43,557	42,387
Debtors	6,858	6,714	3,872	3,782
Loans to trustees of executives share scheme	57	57	118	118
Certificates of tax deposit	7,617	7,617	18,500	18,500
Cash and short term loans	6,606	6.448	8,905	8,839
	80,624	78,825	74,952	73,626

17 Current liabilities

	1980 Group £000	1980 Parent Company £000	1979 Group £000	1979 Parent Company £000
Creditors	28,840	28,587	18,790	18,405
Short term loans	8,000	8,000	8,000	8,000
Taxation	11,224	10,680	16,764	16,625
Amount due to BHS (Leasing) Limited in respect of group relief payments	2,946	2,946	2,018	2,018
Dividends	5,373	5,373	3,986	3,986
Bank overdraft	9,165	9,165	4,740	4,740
	65,548	64,751	54,298	53,774

The short term loans and bank overdraft are repayable within one year.

18 Emoluments of directors

	1980 £000	1979 £000
The emoluments of the directors of the company, as defined by section 196 (2) of the Companies Act 1948, are as follows:		
Fees for services as directors	20	14
Other emoluments, including pension contributions and benefits	318	244
	338	258

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

	1980 £	1979 £
Chairman	8,392	8,809
Highest paid director	52,176	39,191
Others in emolument scales	Number	Number
Up to £5,000	4	3
£ 5,001 – £10,000	1	1
£15,001 – £20,000	2	6
£20,001 – £25,000	4	2
£25,001 – £30,000	2	1
£30,001 – £35,000	1	—

The 1979 scales and numbers have been altered to accord with The Companies (Accounts) Regulations 1979.

19 Capital expenditure and commitments

Commitments in respect of capital expenditure at 29th March 1980 for which no provision has been made in the accounts amounted to approximately £26,635,000 (1979–£19,000,000) in the case of group, and £26,463,000 (1979–£18,530,000) in the case of the company. Under existing contracts the sum of £1,950,000 (1979–£1,950,000) in each case will be recovered from other parties 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 £821,000 (1979 – £5,840,000) in the case of the group and the company.
Leasing facilities approved by the directors of BHS (Leasing) Limited but not contracted for at 29th March 1980 were nil (1979– £1,300,000).

20 **BHS (Leasing) Limited**

Assets less liabilities of BHS (Leasing) Limited	1980 £000	1980 £000	1979 £000	1979 £000
Fixed assets:				
Leased plant, equipment, vehicles and aeroplane		9,664		3,905
Current assets:				
Debtors	109		321	
Amount due from holding company in respect of group relief payments	2,946		2,018	
Cash at bank	—		24	
	3,055		2,363	
Current liabilities:				
Creditors	445		207	
Acceptance credits	—		3,950	
Short term loan	397		—	
Bank overdraft	9		—	
	851		4,157	
Net current assets (liabilities)		2,204		(1,794)
		11,868		2,111
Deduct Deferred taxation	5,023		2,031	
Regional development grants	43		50	
Long and medium term liabilities	4,615	(9,681)	—	(2,081)
		2,187		30
Capital employed				
Share capital		20		20
Retained profit		61		10
Loan from holding company		2,106		—
		2,187		30

Notes:

i Accounting policies adopted by BHS (Leasing) Limited

a The accounts have been prepared on the basis that the anticipated gross profit on each lease, after taking account of the incidence of depreciation and interest payable, is to be spread approximately in proportion to the value of the rentals receivable in each accounting period. Consequently, depreciation is provided on a graduated basis to write off the cost of the assets at an increasing rate over the primary period of the lease.

b Provision is made for deferred taxation on the liability method for corporation tax on the excess of capital allowances claimed for taxation purposes over the corresponding charges for depreciation in the accounts.

c Regional development grants receivable are credited to a special account which is being released to profit and loss account by equal amounts in each year of the primary period of the relevant leasing contract.

ii Fixed assets (leased plant, equipment, vehicles and aeroplane).

	£000
Cost—At 1st April 1979	4,165
—Additions during the year	6,572
—Disposals	(33)
—At 29th March 1980	10,704
Depreciation—At 1st April 1979	260
—Charge for the year	797
—Amount relating to disposals	(17)
—At 29th March 1980	1,040
Net book values—At 1st April 1979	3,905
—At 29th March 1980	9,664

iii Long and medium term liabilities:	Deposit £000	Loan from bank £000	Total £000
Long term loans (repayable by quarterly amounts, final payment due April 1987)	148	2,180	2,328
Medium term loan (repayable by quarterly amounts, final payment due January 1985)	297	1,990	2,287
	445	4,170	4,615

iv Repayments:	Deposit £000	Loan from bank £000	Total £000
Between one and two years	74	458	532
Between two and five years	223	1,532	1,755
After five years	148	2,180	2,328
	445	4,170	4,615

Source and application of funds of BHS (Leasing) Limited for the 52 weeks to 29th March 1980

	52 weeks to 29th March 1980 £000	52 weeks to 29th March 1980 £000	52 weeks to 31st March 1979 £000	52 weeks to 31st March 1979 £000
Source of funds				
Profit before taxation		97		23
Add Depreciation		797		260
Total generated from operations		894		283
Funds from other sources:				
Long and medium term liabilities	4,615		—	
Holding company loan	2,106		—	
Group relief	2,018		—	
Sale of fixed assets	9		—	
Regional development grants	—		50	
		8,748		50
		9,642		333
Application of funds				
Capital expenditure		6,572		4,165
Increase (decrease) in funds		3,070		(3,832)
Change in working capital				
(Decrease) increase in debtors		(212)		321
Increase in creditors		(238)		(207)
Decrease (increase) in acceptance credits		3,950		(3,950)
(Increase) in short term loans		(397)		—
(Decrease) increase in cash at bank		(33)		4
		3,070		(3,832)

21 Current cost accounts

(a) Accounting policies

Basis of presentation
These current cost accounts have been prepared in accordance with the principles set out in the Statement of Standard Accounting Practice number 16. The notes below state how these principles have been applied.

Cost of sales and monetary working capital adjustments.
The cost of sales adjustment has been calculated using the averaging method to reflect the current cost of stocks at the time sales were made. Specific indices compiled by the Central Statistical Office were used for this adjustment. The monetary working capital adjustment has been calculated using the same indices on the amount by which creditors exceed debtors.

Fixed assets and depreciation adjustment

(i) Land and buildings
Land and buildings have been included on the basis of a 1977 revaluation of the company's property as adjusted by the directors. Current cost depreciation has been based on the adjusted values.

(ii) Fixtures
Fixtures have been included at current cost net book value which has been calculated by applying an appropriate index to the historical cost net book value. Current cost depreciation has been calculated by applying appropriate indices to the historical cost depreciation.

(iii) Depreciation
The depreciation adjustment is the difference between the current cost and historical cost depreciation.

Gearing adjustment
The gearing adjustment represents the proportion of the current cost adjustments financed by sources of capital other than shareholders' funds—for the purpose of this adjustment deferred taxation has been classified as a liability.

Foreign currency
Assets and liabilities denominated in a foreign currency have been translated to sterling at the closing rate of exchange

Associated companies
No current cost accounts are available for the associated companies.

(b) Current cost adjustments

	1980 £000	1979 £000
Cost of sales	5,654	2,881
Monetary working capital	(2,022)	(1,053)
	3,632	1,828
Additional depreciation	3,198	3,367
	6,830	5,195

(c) Extraordinary items

	1980 £000	1979 £000
Loss on disposals of properties	(318)	(263)
Discount on redemption of debenture and preference stocks	108	65
	(210)	(198)

(d) Fixed assets

	Gross £000	Depreciation £000	1980 Net £000	1979 Net £000
Land and buildings	99,889	—	99,889	110,272
Fixtures, furnishings and equipment	72,783	33,813	38,970	31,003
	172,672	33,813	138,859	141,275

(e) Current cost reserve

		£000
Balance at 1st April 1979		59,158
Surplus (deficit) on revaluations during year		
Land and buildings	(26,197)	
Fixtures, furnishings and equipment	3,946	
Stock	5,654	
	(16,597)	
Monetary working capital adjustment	(2,022)	
Gearing adjustment	(655)	
Extraordinary items	801	(18,473)
Balance at 29th March 1980		40,685

Auditors' report

To the members of British Home Stores Limited

We have examined the accounts set out on pages 10 to 21 which, with the exception of the consolidated statements on current cost convention on page 11, and the related notes, have been prepared under the historical cost convention. In our opinion the accounts under that convention give a true and fair view of the state of affairs of the company and of the group at 29th March 1980 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 1948 and 1967.

In our opinion the current cost accounts together with the notes thereon on pages 11, 20 and 21 for the year ended 29th March 1980 have been properly prepared in accordance with the methods set out in the notes to give the information required in the Statement of Standard Accounting Practice number 16.

Peat, Marwick, Mitchell & Co. Peat Marwick Mitchell & Co
Chartered accountants
LONDON

12th May 1980

Notice of meeting

Notice is hereby given that the fifty-second annual general meeting of British Home Stores Limited will be held at 11.30 a.m. on Wednesday, 2nd July 1980, 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 29th March 1980 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:
Mr R. W. Burgess
Lord Godber
Mr N. T. Griffin
Mr A. R. Dearden
Mr J. F. Power

Resolution no. 7
To appoint the auditors.

Resolution no. 8
To authorise the directors to fix the remuneration of the auditors.

Special business
To consider and, if thought fit, to pass the following resolution, as an ordinary resolution.

Resolution no. 9
That:

(a) The scheme referred to in the letter dated 4th June 1980 which accompanied the notice convening this meeting and to be known as The BHS Share Option Scheme be and is hereby adopted and the directors be and are hereby authorised to do all acts and things necessary to carry the scheme into effect; and

(b) The directors be and are hereby authorised to vote and be counted in the quorum on any matter connected with the scheme notwithstanding that they may be interested in it and that the prohibition contained in the articles of association of the company on directors voting in relation to contracts in which they are interested be and is hereby relaxed to that extent.

By order of the board
J. N. GILDER
Secretary

London, 4th June 1980

Notes:

1 Members of the company are entitled to appoint one or more proxies to attend and, on a poll, to vote on their behalf. A proxy need not be a member of the company.

2 Warrants for the final ordinary dividend will be posted on 8th July 1980 to shareholders on the company's register on 12th June 1980.

3 No director of the company has a contract of service with the company or with any of its subsidiaries which is not determinable within one year without payment of compensation.

Five-year financial record

	1979/80	1978/9	'977/8	1976/7	1975/6
	£000	£000	£000	£000	£000
Sales	401,255	324,192	273,569	244,326	210,633
Profit before taxation	41,829	33,578	27,022	[illegible]	21,911
Taxation	11,068	10,969	12,395	9,256	7,263
Profit after taxation	30,761	22,609	14,627	16,[illegible]42	14,648
Extraordinary items	591	241	147	250	(4,100)
Preference dividends	20	20	21	21	21
Ordinary dividends	8,955	7,154	6,405	5,734	4,985
Retained profit	22,377	15,676	8,348	10,737	5,542
Earnings per ordinary share*	30·0p	22·1p	14·31p	15·88p	15·19p
Earnings per ordinary share* (full deferred tax charged)	19·2p	16·2p	12·39p	11·88p	10·99p

	£000	£000	£000	£000	£000
Shareholders' interests	132,179	109,484	93,622	85,287	74,624
Deferred taxation	1,957	518	211	—	—
Loans	4,382	4,656	4,827	5,013	19,932
Capital employed	138,518	114,658	98,660	90,300	94,556
Fixed assets and investments	123,442	93,218	78,217	66,740	55,919
Deferred assets	—	786	1,710	1,614	1,699
Net current assets	15,076	20,654	18,733	21,946	36,938
Employment of capital	138,518	114,658	98,660	90,300	94,556

**After adjusting for bonus and rights issues.*

Note—Figures for 1977/8 and earlier years have been adjusted for comparison on change in accounting policy with regard to deferred taxation.

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% (4·9% plus tax credit) cumulative preference stock	100p 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

Analysis of ordinary shareholdings

Shareholdings range	Shareholders Number	Shareholders %	Shares Number	Shares %
Over 200,000 shares	86	0·21	43,846,038	42·85
100,001 – 200,000	73	0·18	10,871,653	10·62
20,001 – 100,000	265	0·66	12,186,394	11·91
10,001 – 20,000	255	0·63	3,623,892	3·54
4,001 – 10,000	1,065	2·65	6,445,714	6·30
2,001 – 4,000	2,583	6·42	7,124,512	6·96
1,001 – 2,000	5,940	14·76	8,388,527	8·20
201 – 1,000	17,386	43·20	9,110,608	8·90
1 – 200	12,595	31·29	738,704	0·72
	40,248	100·00	102,336,042	100·00

Category of shareholders	Shareholders Number	Shareholders %	Shares Number	Shares %
Banks, nominees and trustee companies	2,088	5·19	35,116,869	34·32
Insurance companies	234	0·58	15,717,372	15·36
Pension funds	91	0·23	10,154,988	9·92
Other corporate bodies	224	0·55	5,642,129	5·51
Individuals	37,611	93·45	35,704,684	34·89
	40,248	100·00	102,336,042	100·00

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