

Bhs

Bhs plc

## REPORT AND FINANCIAL STATEMENTS

1999 - 2000



EDX  
COMPANIES HOUSE

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31/10/2000

The Company registered number is 229606

## **DIRECTORS' REPORT**

The directors submit their report on the financial statements for the fifty-three weeks to 1 April 2000.

### **Principal Activity**

The principal activity of the group is that of retailing in the retail sector in the United Kingdom.

### **Business Review**

The results for the 53 week period, which is set out in the profit and loss account on page 5, show a pre-exceptional operating profit of £999,000 compared with the £65,870,000 made in the 52 week period to 27 March 1999. The impact of the 53<sup>rd</sup> week was to increase operating profits by £300,000. The underlying results reflect the continuing impact of adverse factors which have been characteristic of the clothing and general retail merchandise sectors over the last two years, including price deflation, increasing costs and new competition.

The results for the period also include exceptional items of £53,643,000 of which £40,446,000 are operating exceptionals and £13,197,000 are non operating exceptionals. These exceptionals primarily cover the costs of restructuring of the business, in line with plans announced in November 1999, and the costs of store closures and disposals. A full analysis of the exceptional items is given in note 4 to these accounts.

### **Profit and Dividends**

The loss for the financial period after taxation is £45,987,000 (1999: Profit £42,650,000). The directors do not recommend a dividend payment for the period (1999: nil).

### **Employee Involvement**

Continuing its established approach of linking employee reward with business performance, Bhs successfully launched 'Profit from Success' profit related pay schemes for a third year.

Incentive plans related to sales performance operate in stores, rewarding individual store

team performance. Senior Managers participate in annual incentive plans which are related to Company profits, departmental objectives and individual performance. This is an important part of the Company's strategy to attract, motivate and retain high calibre managers, while focusing on continuing to improve business performance.

A comprehensive communication and involvement programme supports incentive plans, including the use of newspapers, face to face briefings and videos, ensuring that all employees understand operations and financial progress.

### **Disabled Employees**

The Company ensures that disabled people are given due consideration for employment opportunities, and if employees become disabled every effort is made to retain them, providing requisite employment aids. Bhs is an equal opportunities employer, recruiting and promoting employees on the basis of suitability for the job and on no other grounds.

### **Creditor Payment Policy**

Payments to merchandise suppliers are made in accordance with the general conditions of purchase, which are communicated to suppliers at the beginning of the trading relationship. It is the group's policy to make payments to non-merchandise suppliers, unless otherwise agreed, within the period set out in the supplier's invoice or within 30 days.

The amount owed to trade creditors at the end of the financial year represented 15 days of average daily purchase during the year for the Company (1999: 26 days).

### **Donations**

The total amount donated for charitable purposes was £8,629 (1999: £3,000).

### **Directors and their interests**

The directors who held office during the period were:

S Bedford	(Resigned 20 May 1999)
K Edelman	(Resigned 25 May 1999)
N Franks	(Resigned 22 May 2000)

## **DIRECTORS' REPORT (continued)**

C Martin	(Resigned 22 May 2000)
S Tague	(Resigned 22 May 2000)
P Mitchell	(Appointed 5 October 1999 Resigned 22 May 2000)
P Green	(Appointed 22 May 2000)
P Coackley	(Appointed 22 May 2000)
I Allkins	(Appointed 22 May 2000)

Under the Long Term Plan selected directors and full-time executives may, subject to the achievements of pre-defined performance criteria over a three year period, receive shares in Storehouse plc. Storehouse Employee Trust is a discretionary trust for the benefit of employees and former employees (and their dependants) of Storehouse plc and its subsidiaries. The Storehouse Employee Trust held 3,744,429 (1999: 3,744,429) shares at 1 April 2000 and the directors of the Company are technically deemed to be interested in the shares held by Storehouse Employee Trust as potential beneficiaries.

The share interests of C Martin and S Tague are disclosed in the accounts of Storehouse plc.

The share interests of N Franks, and P Mitchell in Storehouse plc are disclosed in note 17.

No director exercised any options during the period.

### **Fixed Assets**

Information relating to changes in tangible fixed assets is shown in Note 8 to the accounts.

The market value of freehold and long leasehold properties is, in the opinion of the directors, likely to materially exceed book value. This view is based on an open market valuation which was carried out in April 2000 by independent property consultants.

### **Year 2000 Compliance**

The computing systems transition through the Year 2000 date change was completed satisfactorily. No significant problems were experienced or are anticipated.

## **Post Balance Sheet Event**

On 27 March 2000, the Storehouse Group announced that it had signed heads of terms with Measuremarket Limited for the disposal of Bhs plc. The disposal agreement was signed on 7 April 2000 and following shareholder approval at the EGM on 16 May 2000 the disposal was completed on 22 May 2000. As part of this disposal Bhs plc changed its status to a private limited company, Bhs Limited, and disposed of its ownership of Mothercare (Jersey) Limited.

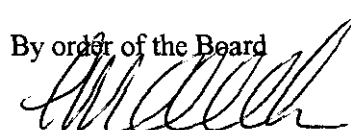
### **Auditors**

Messrs KPMG and Arthur Andersen were appointed joint auditors on 16 August 2000. A resolution to re-appoint KPMG, as sole auditors, and authorising the directors to fix their remuneration, will be proposed at the forthcoming Annual General Meeting.

### **Registered Office:**

129-137 Marylebone House  
Marylebone Road  
London NW1 5QD

By order of the Board



I M Allkins

Secretary

1 September 2000

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period which gives a true and fair view of the state of affairs of the group and company and of the profit and loss for that period. In preparing those financial statements, the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and company and to prevent and detect fraud and other irregularities.

## AUDITORS' REPORT TO THE MEMBERS OF BHS PLC

We have audited the financial statements on pages 5 to 18.

### **Respective Responsibilities of Directors and Auditors**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company and the group is not disclosed.

### **Basis of Audit Opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and of the group, consistently applied and adequately disclosed.

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company and group affairs as at 1 April 2000 and of the group's loss for the 53 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG  
Chartered Accountants  
& Registered Auditors  
8 Salisbury Square  
London  
EC4Y 8BB

1/9/2000

Arthur Andersen

Arthur Andersen  
Chartered Accountants  
& Registered Auditors  
1 Surrey Street  
London  
WC2R 2PS

1/9/2000

**GROUP PROFIT AND LOSS ACCOUNT**

for the 53 weeks ended 1 April 2000 (Note 1)

	Note	GROUP			
		Before Exceptional Total 2000 £000	Exceptional Items (Note 4) 2000 £000	Total 2000 £000	Restated Total 1999 £000
<b>Turnover</b>	2	824,589	-	824,589	859,203
Cost of sales		(795,963)	(40,446)	(836,409)	(762,881)
<b>Gross profit/(loss)</b>		28,626	(40,446)	(11,820)	96,322
Administration expenses		(9,640)	-	(9,640)	(12,563)
Distribution expenses*		(17,987)	-	(17,987)	(17,889)
<b>Operating Profit/(loss) from retail operations</b>	3	999	(40,446)	(39,447)	65,870
Loss on disposal of fixed assets	4	-	(13,197)	(13,197)	-
Net interest payable	6	(6,199)	-	(6,199)	(6,742)
<b>(Loss)/Profit on ordinary activities before taxation</b>		(5,200)	(53,643)	(58,843)	59,128
Tax on (loss)/profit on ordinary activities	7	12,856	-	12,856	(16,478)
<b>Retained profit/(loss) for the period</b>		7,656	(53,643)	(45,987)	42,650

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

for the 53 weeks ended 1 April 2000

	2000 £000	1999 £000
Company	(48,458)	40,005
Subsidiary Undertakings	2,471	2,645
(Loss)/Profit for the financial period, being the total recognised gains and losses.	(45,987)	42,650

The movement on reserves is shown in note 15.

The Company uses the unmodified historical cost convention which means that the profit for the period is equal to the profit under the historical cost convention.

There were no exceptional items in 1999

The notes to the financial statements form an integral part of these statements.

All turnover, operating profit and loss on the disposal of tangible fixed assets arise from continuing operations. There were no acquisitions or discontinued activities in the period.


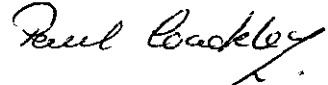
\* included within cost of sales in the 1999 accounts

**BALANCE SHEETS**

As at 1 April 2000 (Note 1)

	Note	GROUP		COMPANY	
		2000 £000	1999 £000	2000 £000	1999 £000
<b>FIXED ASSETS</b>					
Tangible assets	8	432,446	432,894	430,242	430,440
Investments	10	<u>-</u>	<u>-</u>	<u>1,820</u>	<u>1,820</u>
		432,446	432,894	432,062	432,260
<b>CURRENT ASSETS</b>					
Stocks	11	79,023	114,236	78,436	113,379
Debtors		33,186	47,287	32,964	46,998
Cash at bank and in hand		<u>49,800</u>	<u>46,434</u>	<u>13,485</u>	<u>7,510</u>
		<u>162,009</u>	<u>207,957</u>	<u>124,885</u>	<u>167,887</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>(220,929)</u>	<u>(223,046)</u>	<u>(222,617)</u>	<u>(219,070)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(58,920)</u>	<u>(15,089)</u>	<u>(97,732)</u>	<u>(51,183)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		373,526	417,805	334,330	381,077
<b>CREDITORS: Amounts falling due after more than one year:</b>	12	(5,937)	(10,005)	(5,595)	(9,655)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13	<u>(25,490)</u>	<u>(19,714)</u>	<u>(25,374)</u>	<u>(19,603)</u>
<b>NET ASSETS</b>		<u>342,099</u>	<u>388,086</u>	<u>303,361</u>	<u>351,819</u>
<b>CAPITAL AND RESERVES</b>					
Called-up share capital	14	53,633	53,633	53,633	53,633
Share premium account	15	13,094	13,094	13,094	13,094
Profit and loss account	15	<u>275,372</u>	<u>321,359</u>	<u>236,634</u>	<u>285,092</u>
<b>SHAREHOLDERS' FUNDS</b>	15	<u>342,099</u>	<u>388,086</u>	<u>303,361</u>	<u>351,819</u>
<b>ANALYSIS OF SHAREHOLDERS' FUNDS</b>					
Equity interests		<u>342,099</u>	<u>388,086</u>	<u>303,361</u>	<u>351,819</u>

Signed on behalf of the Board

I M Allkins  
P CoackleyDirector  
Director
  


1 September 2000

The notes to the financial statements form an integral part of these balance sheets.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The principal accounting policies of the group are set out below.

The policies have been applied consistently throughout the period and the preceding period, with the exception that during the period the group adopted the Financial Reporting Standard 15 (Tangible Fixed Assets), the effect of which is disclosed in the fixed asset accounting policy note and which had no material impact on the company's result.

The group's accounting period covers the 53 weeks ended 1 April 2000. The previous accounting period covered the 52 weeks ended 27 March 1999.

**ACCOUNTING CONVENTION** - The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

**BASIS OF CONSOLIDATION** - The group financial statements consolidate the financial statements of Bhs plc and its subsidiary undertakings drawn up to 1 April 2000. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

As provided by the Companies Act 1985, the Company does not disclose its own separate profit and loss account.

**STOCKS** - Stocks consist substantially of goods for resale and are stated at the lower of cost and net realisable value. Cost includes an appropriate element of overhead expenditure.

**LEASED ASSETS** - All the group's leased assets are under operating leases. Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

**DEFERRED TAXATION** - Deferred taxation is provided on the excess of capital allowances over book depreciation and in respect of short-term timing differences to the extent that the directors are of the opinion that such tax will become payable in the foreseeable future.

**TANGIBLE FIXED ASSETS** - Tangible fixed assets are included at cost, less accumulated depreciation. Depreciation has been provided on freehold stores in the 53 weeks to 1 April 2000 in accordance with Financial Reporting Standard 15 (Tangible Fixed Assets). Depreciation is charged on a straight line basis over the following periods:

Freehold buildings - 50 years

Fixed equipment in freehold buildings - up to 20 years

Leasehold improvements - The shorter of 35 years and the period of the lease

Fixtures, fittings and equipment - 3 to 10 years.

Freehold land is not depreciated.

**PENSION COSTS** - The cost of providing pensions is calculated using actuarial valuation methods which reflect the long-term costs. The amount charged to the profit and loss account is calculated so as to produce a substantially level percentage of the current and future pensionable payroll. Variations from the regular cost so calculated are allocated to the profit and loss account over the average remaining service lives of employees.

**FOREIGN CURRENCY** - Transactions in foreign currencies are translated into local currency at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated into local currency at the rates ruling at each balance sheet date. Resulting exchange gains or losses are included in operating profit from retail operations.

**INVESTMENTS** - The Company's investments in subsidiary undertakings are stated at cost less amounts written off. Dividends receivable are credited to the Company's profit and loss account.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 1. ACCOUNTING POLICIES (continued)

**TURNOVER** - Group turnover comprises the value of sales (excluding sales taxes and net of discounts) of goods provided in the normal course of business.

**CASH FLOW STATEMENT** - The Company has taken advantage of the exemption in Financial Reporting Standard No1 (revised) from the requirement to produce a cash flow statement as it is a wholly owned subsidiary undertaking of a company registered in England and Wales which has prepared consolidated accounts which include the subsidiary undertaking.

#### **RELATED PARTY TRANSACTIONS**

As a subsidiary of Storehouse plc, the Company has taken advantage of the exemption in FRS8 "related party disclosures" not to disclose transactions with other members of the group headed by Storehouse plc.

### 2. SEGMENT INFORMATION

The group carries on a single class of business, being retailing of clothing and household goods, predominantly within the UK.

### 3. OPERATING PROFIT FROM RETAIL OPERATIONS BEFORE EXCEPTIONAL ITEMS

Operating Profit from retail operations before exceptional items is stated after charging:

	2000 £000	1999 £000
Depreciation of owned assets	50,255	40,008
Rent of properties	80,562	74,026
Auditors' remuneration	74	71
Staff costs (note 5)	98,207	91,503
Hire of plant and equipment	5,298	3,608

KPMG and Arthur Andersen, the Company's auditors, received no payments for non audit services in 2000 (1999: £Nil).

### 4. EXCEPTIONAL ITEMS

The exceptional items all relate to continuing operations and can be summarised as follows:

	2000 £000	1999 £000
<b>Cost of Sales</b>		
Stock disposal programme	38,260	-
Store closure costs	1,398	-
Store asset write-off	788	-
Total charge to retail profit	40,446	-
<b>Profit and Loss on disposal of stores</b>		
Profits on stores sold	(1,000)	-
Loss on stores sold	964	-
Net profits on stores sold	(36)	-
Provision for loss on disposal of stores	13,233	-
	13,197	-
Total exceptional items	53,643	-

There is no net tax effect as a result of the exceptional items.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Exceptional items charged to the loss from retail operations

#### Stock disposal programme

Following the restructuring programmes of the business announced in November 1999 a stock clearance exercise was undertaken as part of the implementation of the new strategic plans.

#### Store closures

Additional provision has been made for the redundancies and other related costs arising from the store closure programme announced at Bhs at the half year in accordance with FRS 12. This resulted in costs of £1.4 million of which £1.4 million has been spent during 1999/2000.

#### Other One-Off Costs

A one off charge has been made to write off the permanently impaired value of certain store assets.

#### Profit or Loss on Disposal of Stores

During the year the interest in the leasehold of two Bhs stores have been sold. As a result Bhs has generated a net profit on disposal of stores of £36k.

In addition, the group has provided for the cost of disposing of six stores. The provision for loss on disposal of £13.2 million on these stores includes £3.2 million to cover the future lease obligations and other costs of £2.8 million.

## 5. DIRECTORS AND EMPLOYEES

### Employees

An analysis of the average monthly number of full and part time employees (including directors) throughout the group, is as follows:

	2000 Number	1999 Number
UK Stores - Full-time	3,377	2,545
- Part-time	10,414	11,056
UK Head Office	703	728
Overseas	105	105
	<u>14,599</u>	<u>14,434</u>
Staff costs during the period amounted to:		
	2000 £000	1999 £000
Wages and salaries	93,437	86,859
Social security costs	4,770	4,644
Other pension costs (note 18)	-	-
	<u>98,207</u>	<u>91,503</u>

### Director Remuneration

The remuneration of the directors was as follows:-

	2000 £000	1999 £000
Emoluments	1,004	1,320

Company Contributions to money purchase pension schemes	<u>40</u>	<u>97</u>
Total emoluments	<u>1,044</u>	<u>1,417</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5. DIRECTORS AND EMPLOYEES (continued)

The above amounts do not include any gains made on the exercise of share options or the value of any shares or share options received under long-term incentive schemes.

No director exercised share options in the period (1999: 1) and no shares were received or receivable under long-term incentive schemes by the directors (1999: 6).

In addition to emoluments shown above, compensation for loss of office was paid to Keith Edelman and Steve Bedford in respect of the termination of their employment during the year, amounting to £546,678 and £278,192 respectively.

#### Pensions

The number of directors who were members of pension schemes were as follows:-

	2000 £000	1999 £000
Money purchase schemes	1	1
Defined benefit schemes	<u>6</u>	<u>5</u>
	<u>7</u>	<u>6</u>

#### Highest Paid Director

The above amounts for remuneration include the following in respect of the highest paid director, C N Martin:-

	2000 £000	1999 £000
Emoluments and long-term incentive schemes	398	221

The emoluments for 2000 include £125,000 in respect of a retention bonus.

The Company paid contributions to a money pension scheme of £12,000 (1999 - £8,000) in respect of C N Martin.

Details of C N Martin's share options and shares received and receivable under the long term incentive schemes are given in the Storehouse plc accounts.

### 6. NET INTEREST PAYABLE

	2000 £000	1999 £000
Interest payable:		
On bank loans and overdrafts	(8,441)	(9,554)
Interest receivable	<u>2,242</u>	<u>2,812</u>
	<u>(6,199)</u>	<u>(6,742)</u>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 7. TAXATION

2000	1999
£000	£000

The taxation charge for the period comprises:

Current:

UK Corporation tax @ 30% (1999: 31%)	(11,928)	11,909
Overseas taxation	<u>342</u>	<u>192</u>
	(11,586)	12,101

Deferred taxation (note 13)	<u>(1,270)</u>	<u>6,099</u>
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	(12,856)	18,200
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Adjustments in respect of prior years:

Corporation tax	<u>-</u>	<u>(1,722)</u>
	<u>(12,856)</u>	<u>16,478</u>

The amount of deferred tax cumulatively not provided on capital allowances is £27,300,000 (1999 £18,272,000).

Overseas tax of £342,000 is payable: £220,000 payable on 1 January 2001, is included in other tax liabilities in creditors due within one year (1999 : £192,000 payable on 1 January 2000), and £342,000 payable on 1 January 2002, is included in creditors due after more than one year (1999: £350,000 on 1 January 2001).

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 8. TANGIBLE FIXED ASSETS

The net book value of leasehold properties includes £120,215,000 (1999 - £104,380,000) in respect of short leasehold properties in the case of the group and £120,110,000 (1999 - £75,248,000) in the case of the Company.

<u>GROUP</u>	Properties including fixed Equipment		Fixtures, fittings and equipment*	Total
	Freehold £000	Leasehold £000	£000	£000
<u>Cost</u>				
At 27 March 1999	8,036	303,259	367,530	678,825
Additions	1,724	13,723	44,028	59,475
Disposals	—	(8,447)	(9,241)	(17,688)
At 1 April 2000	<u>9,760</u>	<u>308,535</u>	<u>402,317</u>	<u>720,612</u>
<u>Depreciation</u>				
At 27 March 1999	1,108	74,922	169,901	245,931
Charge for the period	186	10,130	39,939	50,255
Disposals	—	(2,246)	(5,774)	(8,020)
At 1 April 2000	<u>1,294</u>	<u>82,806</u>	<u>204,066</u>	<u>288,166</u>
<u>Net book value</u>				
At 1 April 2000	<u>8,466</u>	<u>225,729</u>	<u>198,251</u>	<u>432,446</u>
At 27 March 1999	<u>6,928</u>	<u>228,337</u>	<u>197,629</u>	<u>432,894</u>

\* Includes construction in progress of £5,323,000 (1999: £4,024,000)

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 8. TANGIBLE FIXED ASSETS (continued)

<u>COMPANY</u>	Properties including fixed equipment		Fixtures, fittings and equipment*	Total £000
	Freehold £000	Leasehold £000	£000	
<u>Cost</u>				
At 27 March 1999	8,020	301,172	365,018	674,210
Additions	1,724	13,524	43,996	59,244
Disposals	—	(8,314)	(9,050)	(17,364)
At 1 April 2000	<u>9,744</u>	<u>306,382</u>	<u>399,964</u>	<u>716,090</u>
<u>Depreciation</u>				
At 27 March 1999	1,108	74,267	168,395	243,770
Charge for the period	186	10,029	39,789	50,004
Disposals	—	(2,220)	(5,706)	(7,926)
At 1 April 2000	<u>1,294</u>	<u>82,076</u>	<u>202,478</u>	<u>285,848</u>
<u>Net book value</u>				
At 1 April 2000	<u>8,450</u>	<u>224,306</u>	<u>197,486</u>	<u>430,242</u>
At 27 March 1999	<u>6,912</u>	<u>226,905</u>	<u>196,623</u>	<u>430,440</u>

\* includes construction in progress of £5,323,000 (1999: £4,024,000)

## 9. CAPITAL COMMITMENTS

	2000 £000	1999 £000
Capital commitments are as follows:		
Contracted for but not provided for – Company and group	<u>18,398</u>	<u>8,095</u>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 10. INVESTMENTS

Shares in subsidiary undertakings

Company	
2000	1999
£000	£000

At beginning and end of period

<u>1,820</u>	<u>1,820</u>
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At the balance sheet date the Company holds, directly or indirectly, 100% of the ordinary share capital of the following principal trading subsidiary undertakings, which are registered in Jersey:

Bhs (Jersey) Limited (incorporated in Jersey)

Mothercare (Jersey) Limited (incorporated in Jersey)

On 22 May 2000 the company disposed of its ownership of Mothercare (Jersey) Limited.

## 11. DEBTORS

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Trade debtors	10,521	26,124	10,521	26,132
Amounts owed by other group undertakings	3,512	1,101	3,560	1,100
Other debtors	5,202	6,427	5,203	6,314
Prepayments and accrued income	<u>13,640</u>	<u>13,227</u>	<u>13,369</u>	<u>13,044</u>
	32,875	46,879	32,653	46,590
Amounts recoverable after more than one year:				
Other debtors	<u>311</u>	<u>408</u>	<u>311</u>	<u>408</u>
	<u>33,186</u>	<u>47,287</u>	<u>32,964</u>	<u>46,998</u>

## 12. CREDITORS: Amounts falling due within one year and after one year

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Bank overdraft	113,354	88,603	113,354	84,003
Trade creditors	25,820	61,297	25,811	61,297
Amounts owed to other group undertakings	33,013	23,956	35,021	24,863
Taxation and social security	3,165	16,280	2,914	13,346
Other creditors	4,118	1,075	4,091	
				3,770
Accruals	36,901	23,146	36,868	23,102
Landlords' contributions	<u>4,558</u>	<u>8,689</u>	<u>4,558</u>	
				8,689
	<u>220,929</u>	<u>223,046</u>	<u>222,617</u>	<u>219,070</u>
Amounts Falling due after one year				
Corporation tax	(342)	(350)	-	-
Landlords' contributions	<u>(5,595)</u>	<u>(9,655)</u>	<u>(5,595)</u>	<u>(9,655)</u>
	<u>(5,937)</u>	<u>(10,005)</u>	<u>(5,595)</u>	<u>(9,655)</u>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 13. PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Company	
	2000 £000	1999 £000	2000 £000	1999 £000
<u>Deferred taxation</u>				
At beginning of period	18,908	12,809	18,797	12,786
(Credited)/Charged to profit and loss account	<u>(1,270)</u>	<u>6,099</u>	<u>(1,275)</u>	<u>6,011</u>
At end of period	<u>17,638</u>	<u>18,908</u>	<u>17,522</u>	<u>18,797</u>
<u>Other provisions</u>				
At beginning of period	806	-	806	-
Charged to profit and loss account	7,852	806	7,852	806
Utilised	<u>(806)</u>	<u>-</u>	<u>(806)</u>	<u>-</u>
At end of period	<u>7,852</u>	<u>806</u>	<u>7,852</u>	<u>806</u>
Total provisions	<u>25,490</u>	<u>19,714</u>	<u>25,374</u>	<u>19,603</u>
The deferred taxation provision comprises:				
Provision in respect of:				
Capital allowances	22,266	24,342	22,150	24,231
Other timing differences	<u>(4,628)</u>	<u>(5,434)</u>	<u>(4,628)</u>	<u>(5,434)</u>
	17,638	18,908	17,522	18,797
The further potential liability is:				
Capital allowances	<u>27,300</u>	<u>18,272</u>	<u>27,300</u>	<u>18,272</u>
	<u>44,938</u>	<u>37,180</u>	<u>44,822</u>	<u>37,069</u>

### Other Provisions

	Group and Company		
	Store Closures £000	Other £000	Total £000
At beginning of period	-	806	806
Charged to profit and loss account	6,063	1,789	7,852
Utilised	<u>-</u>	<u>(806)</u>	<u>(806)</u>
At end of the period	<u>6,063</u>	<u>1,789</u>	<u>7,852</u>

The store closure provision of £6.1m includes estimated costs of £3.2 million for future lease obligations and £2.8 million of other costs relating to the disposal of six retail stores. It is anticipated that the provision will be fully utilised within the next financial period.

Other provisions primarily relate to the stock disposal programme (£1.6m) and head office redundancies (£0.1m). It is anticipated that these provisions will be fully utilised within the next financial period.



# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 14. CALLED-UP SHARE CAPITAL

	2000 £000 Authorised	1999 £000 Authorised	2000 £000 Issued and fully paid	1999 £000 Issued and fully paid
Attributable to equity interests:				
214,600,000 (1999:241,600,000) Ordinary shares at 25p each	<u>60,400</u>	<u>60,400</u>		
214,530,881 (1999: 214,530,881) Ordinary shares at 25p each			<u>53,633</u>	<u>53,633</u>

## 15. RESERVES

	Group £000	Company £000
Share premium account		
At 27 March 1999 and 1 April 2000	<u>13,094</u>	<u>13,094</u>

### STATEMENT OF RETAINED PROFITS

Balance at the beginning of the period	321,359	285,092
Loss for the financial period	<u>(45,987)</u>	<u>(48,458)</u>
Balance at the end of the period	<u>275,372</u>	<u>236,634</u>

### RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	Group 2000 £000	Group 1999 £000
Balance at the beginning of the period	388,086	345,436
(Loss)/Profit for the financial period	<u>(45,987)</u>	<u>42,650</u>
Balance at the end of the period	<u>342,099</u>	<u>388,086</u>

## 16. LEASING COMMITMENTS

Current annual rental commitments under operating leases are as follows:

	2000 £000	Group 1999 £000
<b>Property:</b>		
Leases which expire		
- within 1 year	-	73
- between 2 and 5 years	962	429
- over 5 years	<u>80,216</u>	<u>74,855</u>
	81,178	75,357
<b>Other:</b>		
Leases which expire		
- within 1 year	680	557
- between 2 and 5 years	2,527	2,758
- over 5 years	<u>592</u>	-
	<u>3,799</u>	<u>3,315</u>
	<u>84,977</u>	<u>78,672</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 17. DIRECTORS' INTERESTS

The share interests of C Martin and S Tague are disclosed in the accounts of Storehouse plc.

The share interests of N Franks and P Mitchell in Storehouse plc are as follows:

	Ordinary Shares		Ordinary Shares Under Option		Date of Grant	Option Price
	2000 Number	1999 Number	2000 Number	1999 Number		
N Franks	-	-	96,153	96,153	May 94	208p
			75,757	75,757	May 95	264p
			8,136*	8,136*	June 95	212p
			33,123	33,123	June 96	317p
			47,029	47,029	June 97	202p
			25,602	25,602	May 98	279p
			108,173	108,173	Jan 99	125p
P Mitchell	-	-	7,886+	7,886	June 96	317p
			2,474	2,474	June 97	202p
			23,763	23,763	June 97	202p
			16,129	16,129	May 98	279p
			64,102	64,102	Jan 99	125p

+ At date of appointment.

\*SAYE All options were granted under the Storehouse Executive Share Option Scheme and are exercisable between three and ten years after the date of grant.

#### Storehouse Plc Share Price Data

	2000	1999
Share Price at 31 March 2000 (26 March 1999)	37.0p	125.5p
Share price movement during the period:		
High	156.5p	293.5p
Low	30p	108.5p

All share prices are quoted at the mid-market closing price.

### 18. PENSION COSTS

The group has operated two defined benefit pension schemes for its employees in the period.

The majority of the assets of each scheme are held in a separate trustee common investment fund, the Storehouse Investment Fund. The pension costs relating to the schemes were assessed in accordance with the advice of qualified actuaries using primarily the projected unit and current unit methods. The latest actuarial valuations were carried out at 1 April 1997. The next actuarial valuation will be carried out as at 1 April 2000.

## NOTES TO THE ACCOUNTS (continued)

### 18. PENSION COSTS (continued)

The assumptions which have the most significant effect on the results of the valuations are set out below:

#### Actuarial Valuation

Rate of return on investments	8.75%
Rate of increase in salaries	7.0%-8.0%
Rate of increase in pensions	4.5%

The aggregate market value of the investments at 1 April 1997 was £369.6 million and the actuarial values were sufficient to cover between 127 percent and 156 percent (average 134 per cent) of the benefits that had accrued to members after allowing for expected future increases in earnings.

The total pension cost for the group is £nil (1999 - £nil) and includes a credit of £9,027,000 (1999 - £8,595,000) in respect of the amortisation of pension surpluses arising in prior years which are now being allocated over the remaining service lives of members of between 6 and 15 years.

For the protection of members' interests, the group has appointed three trustees, two of whom are independent of the Company. To maintain this independence, the Trustees and not the group, are responsible for appointing their own successors.

### 19. RELATED PARTY TRANSACTIONS

As a subsidiary of Storehouse plc, the Company has taken advantage of the exemption in Financial Reporting Standard 8 "related party disclosures" not to disclose further details of transactions with other members of the group headed by Storehouse plc.

### 20. CONTINGENT LIABILITIES

Under the group banking arrangement the Company is party to set off against other Storehouse group member bank accounts. The Company is also party to a Storehouse group VAT registration.

### 21. SUBSEQUENT EVENT

On 27 March 2000, the Storehouse Group announced that it had signed heads of terms with Measuremarket Limited for the disposal of Bhs plc. The disposal agreement was signed on 7 April 2000 and following shareholder approval at the EGM on 16 May 2000 the disposal was completed on 22 May 2000. As part of this disposal Bhs plc changed its status to a private limited company, Bhs Limited, and disposed of its ownership of Mothercare (Jersey) Limited.

### 22. ULTIMATE PARENT COMPANY

At the year end the Company was a wholly-owned subsidiary undertaking of Storehouse plc, a company registered in England and Wales. The smallest and largest group which consolidated the results of the Company was that headed by Storehouse plc. The consolidated accounts of Storehouse plc are available to the public and may be obtained from Marylebone House, 129-137 Marylebone Road, London NW1 5QD. Following the change in ownership, the company has become a wholly owned subsidiary of Measuremarket Ltd, a company registered in England & Wales.