

CULLEN'S STORES PLC

**DIRECTORS' REPORT AND ACCOUNTS
FOR THE FIFTY-TWO WEEKS ENDED
25TH FEBRUARY 1996**



REGISTRATION NUMBER 279206

CULLEN'S STORES PLC

ANNUAL REPORT 1996

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CULLEN'S STORES PLC

DIRECTORS' REPORT

The directors present their report and financial statements for the fifty-two weeks ended 25th February 1996.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company continues to be retailing of groceries, wines and spirits, with particular emphasis on quality and fresh foods.

RESULTS AND DIVIDENDS

The profit for the period after taxation amounted to £349,000 (1995 - £337,000) and is dealt with as shown in note 19 to the financial statements.

The directors recommend that a final dividend of 30.0p per ordinary share be paid to shareholders on 1st October 1996.

The retained profit of £49,000 (1995 - £337,000) will be added to reserves.

TANGIBLE FIXED ASSETS

Movements in tangible fixed assets are set out in note 12 to the financial statements. In the opinion of the directors the value of the company's land and buildings as included in the financial statements is not materially different from current market values.

As stated in note 2 to the financial statements, the directors consider that the 1987 valuation no longer fairly reflects the value to the company of its properties and accordingly have changed the accounting policy so that they are restated at the lower of original cost or valuation when acquired by the Holding Company in 1984 or recoverable amount.

DIRECTORS

The directors who currently hold office are, and those who served during the period were:

Hon R A Rayne (non executive chairman)

P Matthews (chief executive)

J M Allen

M G Chambers

M W Eckersley

M S Glass (non executive)

M S Goldstone - resigned 31st May 1996

M S Glass, who does not have a service contract with the company, retires by rotation and, being eligible, offers himself for re-election.

CULLEN'S STORES PLC

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS

The interests of the present directors in the ordinary shares of the Holding Company were as follows:

	At 25 th February 1996	At 26 th February 1995
P Matthews	2,231,913	731,913
Hon R A Rayne	1,000,000	1,000,000
M G Chambers	4,333	4,333

In addition to the above shareholdings, options to subscribe for ordinary shares in the Holding Company have been granted to directors as follows:

	Options	Grant date	Price
P Matthews	500,000	12 June 1991	40p
P Matthews	321,000	1 July 1992	36p
M W Eckersley	75,000	12 June 1991	40p
M W Eckersley	50,000	1 July 1992	36p
J M Allen	150,000	15 July 1993	20p
J M Allen	250,000	performance related 15 July 1993	20p
J M Allen	170,000	19 November 1995	15.5p
M S Goldstone	55,000	19 November 1995	15.5p

All options are exercisable between three and ten years of the grant date except for the performance related options which are exercisable between five and ten years of the grant date subject to the earnings per share growth of the Holding Company increasing over the first five year period at least in line with the 25th ranked company in the FTSE 100 index. The share price of the Holding Company as at 25th February 1996 was 15.5p

There have been no changes to directors' interests since 25th February 1996 with the exception of M S Goldstone whose options have lapsed on 31st May 1996. Hon R A Rayne is a director of Westpool Investment Trust plc which company had a substantial interest in the issued share capital of the Holding Company.

None of the directors was or is materially interested in any contract subsisting during or at the end of the financial period which was significant to the business of the company, other than those shown in note 8 to the financial statements.

CULLEN'S STORES PLC

DIRECTORS' REPORT (CONTINUED)

DONATIONS

During the period no charitable or political contributions were made by the company.

AUDITORS

A resolution proposing the re-appointment of Ernst & Young as auditors will be submitted at the Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'M W Eckersley', written in a cursive style.

M W Eckersley
Secretary

5th June 1996

CULLEN'S STORES PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for the 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CULLEN'S STORES PLC

REPORT OF THE AUDITORS TO THE MEMBERS OF CULLEN'S STORES PLC

We have audited the financial statements on pages 6 to 23 which have been prepared under the historical cost convention as modified by the revaluation of certain land and buildings and on the basis of the accounting policies set out on pages 6 to 7.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 25th February 1996 and of its profit of the company for the fifty-two weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



ERNST & YOUNG
Chartered Accountants
Registered Auditor
London
5th June 1996

CULLEN'S STORES PLC

ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain land and buildings when acquired by the Holding Company in 1984, and in accordance with applicable UK accounting standards.

2. DEPRECIATION

The rates of depreciation applied to tangible fixed assets are calculated to write off their cost or valuation on a straight line basis over their estimated useful lives. The rates of depreciation are as follows:

Freehold property	Nil
Long leasehold property	50 years
Short leasehold property	The period of the lease
Plant and fixtures	Varying rates of between 3 and 10 years
Motor vehicles	3-4 years

No depreciation is provided in respect of freehold property as it is considered that the lives and residual values, based on prices ruling at the date of acquisition or the 1984 valuation of these properties, are such that any depreciation would be immaterial. Any permanent diminutions in value below cost or valuation of such properties are charged to the profit and loss account.

3. STOCKS

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

4. DEFERRED TAXATION

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

5. NET PROFIT ON SALE OF FRANCHISES

Profits and losses deriving from the sale of franchises are considered to be part of the ordinary trading of the company. They are arrived at by writing off, in full, the net book value of the relevant short lease, plant, fixtures and equipment, against the net proceeds from the sale of the franchise.

CULLEN'S STORES PLC

ACCOUNTING POLICIES (CONTINUED)

6. OPERATING LEASES

Rentals in respect of operating leases are charged to profit and loss account on a straight line basis over the term of the lease.

7. FINANCE LEASES

Assets held under finance leases, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

8. PENSIONS

Contributions to defined contribution schemes are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

CULLEN'S STORES PLC

PROFIT AND LOSS ACCOUNT FOR THE FIFTY-TWO WEEKS ENDED 25TH FEBRUARY 1996

	Notes	1996 £000	1995 £000
TURNOVER			
Cost of sales	1	6,076	6,773
		5,087	5,828
GROSS PROFIT		-----	-----
Administrative expenses		989	945
Other operating income	3	(934)	(844)
		245	148
OPERATING PROFIT		-----	-----
Exceptional items	4	300	249
		99	80
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		-----	-----
		399	329
Interest payable (net)	5	2	10
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-----	-----
	6	397	319
Taxation	10	48	(18)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		-----	-----
		349	337
Dividend	11	300	-
RETAINED PROFIT FOR THE PERIOD	19	-----	-----
		49	337
		=====	=====

Movements on reserves are shown in note 19 to the financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Notes	1996 £000	1995 £000
Profit for the financial year		349	337
Total recognised gains relating to the year		=====	=====
Prior year adjustment	2	349	
		(599)	
Total gains and losses recognised since last annual report		-----	
		(250)	
		=====	

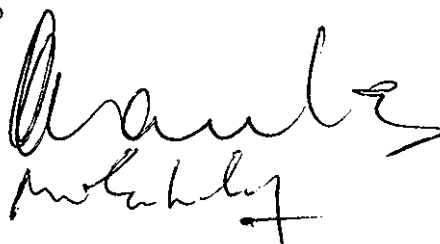
CULLEN'S STORES PLC

BALANCE SHEET AS AT 25TH FEBRUARY 1996

	Notes	1996 £000	1995 £000
FIXED ASSETS			
Tangible assets	12	4,057	4,138
CURRENT ASSETS		-----	-----
Stocks	13	155	65
Debtors	14	1,784	1,070
Cash at bank and in hand		4	287
		-----	-----
		1,943	1,422
CREDITORS - amounts falling due within one year	15	4,134	3,796
NET CURRENT LIABILITIES		-----	-----
		(2,191)	(2,374)
TOTAL ASSETS LESS CURRENT LIABILITIES		-----	-----
		1,866	1,764
CREDITORS - amounts falling due after more than one year	16	370	317
PROVISIONS FOR LIABILITIES AND CHARGES	17	-	-
NET ASSETS		-----	-----
		1,496	1,447
		=====	=====
CAPITAL AND RESERVES			
Called-up share capital	18	620	620
Revaluation reserve	19	423	690
Profit and loss account	19	453	137
		-----	-----
		1,496	1,447
		=====	=====

Approved by the Board of Directors on 5th June 1996

P Matthews)
M W Eckersley) Directors



CULLEN'S STORES PLC

STATEMENT OF CASH FLOWS FOR THE FIFTY-TWO WEEKS ENDED 25TH FEBRUARY 1996

	Notes	1996 £000	1995 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	24	1,087	681
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		-----	-----
Interest received		49	59
Interest paid		(42)	(69)
Interest element of finance lease rental payments		(14)	-
		-----	-----
		(7)	(10)
TAXATION		-----	-----
Advance corporation tax paid		-	(38)
Tax paid on pension surplus refund		-	(60)
		-----	-----
		-	(98)
INVESTING ACTIVITIES		-----	-----
Purchase of tangible fixed assets		(1,177)	(438)
Sale of tangible fixed assets		70	764
Loans to franchisees		(142)	-
		-----	-----
		(1,249)	326
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		-----	-----
		(169)	899
FINANCE ACTIVITIES		=====	=====
Loan received		-	(300)
Loan repaid		60	-
Inception of finance leases		(251)	-
Repayment of capital element of finance leases		102	28
Parent company debt repaid		203	34
		-----	-----
		114	(238)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	25	-----	-----
		(283)	1,137
		-----	-----
		(169)	899
		=====	=====

CULLEN'S STORES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTY-TWO WEEKS ENDED 25TH FEBRUARY 1996

1. TURNOVER

Turnover, all of which derives from continuing UK retailing activities, represents the value of goods sold from managed stores, profit contributions from stores trading under the franchise partnership plan, franchise fee income and franchise rental income. All amounts are stated net of value added tax and discounts.

	1996 £000	1995 £000
Value of goods sold from managed stores	4,028	5,061
Franchise partnership plan profit contributions	752	339
Franchise fee income	595	581
Franchise rental income	701	792
	-----	-----
	6,076	6,773
	=====	=====

As a result of transfers of stores into franchise and franchise partnership plan, the company had fewer stores under management during 1996.

2. PRIOR YEAR ADJUSTMENT

The company's freehold and long leasehold properties, which were previously recorded at either their value on 12th August 1987 or cost if acquired after this date less leasehold depreciation, have been restated to the lower of depreciated historical cost or valuation when acquired by the Holding Company in 1984, or recoverable amount. The directors consider that the 1987 valuation no longer fairly reflects the value to the company of its properties and that this change in accounting policy will ensure that the recorded amount for the company's properties more fairly reflects their future use to the company.

The 1995 comparative amounts, which previously showed profit after taxation of £296,000, have been restated to reflect this change in accounting policy. The profit after taxation for the fifty-two weeks ended 25th February 1996 calculated under the previous accounting policy would have been £91,000 after making a provision for permanent diminution in value of a freehold property of £204,000.

3. OTHER OPERATING INCOME

	1996 £000	1995 £000
Rent receivable from non-trading properties	95	153
Net profit/(loss) on sale of franchises	150	(5)
	-----	-----
	245	148
	=====	=====

CULLEN'S STORES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTY-TWO WEEKS ENDED 25TH FEBRUARY 1996

4. EXCEPTIONAL ITEMS

	1996 £000	1995 £000
Net profit on sale of properties	303	80
Provision for permanent diminution in value of freehold property	(204)	-
	-----	-----
	99	80
	=====	=====

5. INTEREST PAYABLE (NET)

	1996 £000	1995 £000
Interest payable:		
On bank loan and overdraft repayable within five years	37	67
On finance lease obligations	14	2
	-----	-----
	51	69
Interest receivable on short term finance provided	(49)	(59)
	-----	-----
	2	10
	=====	=====

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1996 £000	1995 £000
The profit on ordinary activities is stated after charging:		
Depreciation of owned assets	378	321
Depreciation of assets held under finance leases	42	7
Permanent diminution in value of freehold property	204	-
Auditors' remuneration - audit	26	25
- other	28	26
Operating lease rentals - land and buildings	1,204	1,102
- other	4	-
	=====	=====

CULLEN'S STORES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTY-TWO WEEKS ENDED 25TH FEBRUARY 1996

7. DIRECTORS' REMUNERATION

	1996 £000	1995 £000
The remuneration of the directors was:		
Fees	29	25
Other emoluments:		
Basic salaries	273	256
Performance related adjustments	(13)	-
Benefits	27	23
Pension contributions	26	24
	-----	-----
	342	328
	=====	=====
	1996 £000	1995 £000
Emoluments of the chairman:-		
Fees	22	22
	=====	=====
Emoluments of the highest paid director:-		
Basic salary	76	73
Performance related pay	(7)	-
Benefits	8	6
Pension contributions	8	8
	=====	=====

The emoluments of the directors (excluding pension contributions) fell within the following ranges:

	Number of directors	
£0 - £5,000	-	1
£5,001 - £10,000	1	-
£20,001 - £25,000	1	1
£35,001 - £40,000	-	1
£40,001 - £45,000	1	1
£50,001 - £55,000	2	1
£60,001 - £65,000	1	-
£65,001 - £70,000	-	1
£75,001 - £80,000	1	1

CULLEN'S STORES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTY-TWO WEEKS ENDED 25TH FEBRUARY 1996

8. DIRECTORS' INTERESTS

At the year end there was a trading debt of £36,000 owing from Daiva Stores Limited, a company in which M S Goldstone has a beneficial interest of 100% of the issued share capital. This follows the sale of a franchise to Daiva Stores Limited for £220,000 of which £40,000 was deferred and is to be paid over five years and subject to interest at 3% over base.

9. STAFF COSTS

	1996 £000	1995 £000
Wages and salaries	1,073	1,198
Social security costs	89	106
Other pension costs	29	25
	-----	-----
	1,191	1,329
	=====	=====
	Number of employees	
	1996	1995
The average weekly number of employees during the period was made up as follows:		
Branches	72	107
Administration	18	15
	-----	-----
	90	122
	=====	=====

The above figures do not distinguish between part-time and full-time employees.

CULLEN'S STORES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FIFTY-TWO WEEKS ENDED 25TH FEBRUARY 1996**

10. TAXATION

	1996 £000	1995 £000
The taxation charge/(credit) is made up as follows:		
Corporation tax charge at 27%	56	-
Deferred taxation	-	(73)
Advance corporation tax	(8)	45
Tax deducted by trustees at 40% in respect of pension scheme surplus refund	-	10
	-----	-----
	48	(18)
	=====	=====

11. DIVIDEND

	1996 £000	1995 £000
Final dividend proposed on ordinary shares 30p (1995 - nil)	300	-
	=====	=====

CULLEN'S STORES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTY-TWO WEEKS ENDED 25TH FEBRUARY 1996

12. TANGIBLE FIXED ASSETS

	F'hold property £000	Long L'hold property £000	Short L'hold property £000	Plant fixtures and vehicles £000	Total £000
Cost or valuation:					
At 26 th February 1995	2,310	751	407	2,149	5,617
Revaluation adjustments	(346)	(295)	-	-	(641)
At 26 th February 1995 - restated	1,964	456	407	2,149	4,976
Additions at cost	-	-	41	1,136	1,177
Disposals	-	(456)	(118)	(370)	(944)
Permanent diminution	(204)	-	-	-	(204)
At 25 th February 1996	1,760	-	330	2,915	5,005
Depreciation:					
At 26 th February 1995	-	107	78	695	880
Revaluation adjustments	-	(42)	-	-	(42)
At 26 th February 1995 - restated	-	65	78	695	838
Charge for the period	-	9	16	395	420
Applicable to disposals	-	(74)	(36)	(200)	(310)
At 25 th February 1996	-	-	58	890	948
Net book value at 25 th February 1996	1,760	-	272	2,025	4,057
Net book value at 26 th February 1995	1,964	391	329	1,454	4,138

CULLEN'S STORES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTY-TWO WEEKS ENDED 25TH FEBRUARY 1996

12. TANGIBLE FIXED ASSETS (CONTINUED)

	F'hold property £000	Long L'hold property £000	Short L'hold property £000	Plant fixtures and vehicles £000	Total £000
Cost or valuation comprises:-					
At valuation	700	-	-	-	700
At cost	1,060	-	330	2,915	4,305
	1,760	-	330	2,915	5,005

An independent valuation of the freehold properties was carried out on 20th August 1984 on an open market basis for the purposes of the original acquisition of the company by its Holding Company.

Comparable amounts determined according to the historical cost convention:

Cost	1,338	-	330	2,915	4,583
Depreciation	-	-	58	890	948
Net Book Value	1,338	-	272	2,025	3,635

The revaluation adjustments reflect the change in accounting policy as referred to in note 2.

A provision of £204,000 has been made against one freehold property to reduce the cost to its recoverable amount.

£258,000 of the freehold properties (1995 - £758,000 and the long leasehold) are held for use in operating leases to franchisees.

Included within plant, fixtures and vehicles are assets held under finance leases with a net book value of £240,000 (1995 - £37,000).

The potential liability for tax on the revalued properties had they been sold at their book value at 25th February 1996 would have been nil.

CULLEN'S STORES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTY-TWO WEEKS ENDED 25TH FEBRUARY 1996

13. STOCKS

The replacement costs of stocks, which comprise goods for resale, are estimated to be not materially different from their book amounts.

14. DEBTORS

	1996 £000	1995 £000
Trade debtors	186	246
Other debtors	1,045	374
Other debtors recoverable after more than one year	246	275
Prepayments and accrued income	307	175
	-----	-----
	1,784	1,070
	=====	=====

15. CREDITORS - amounts falling due within one year

	1996 £000	1995 £000
Bank loan	60	60
Amount due to parent company	2,640	2,843
Trade creditors	273	206
Corporation tax	15	-
Advance corporation tax	33	-
Other taxation and social security	57	53
Other creditors	427	307
Finance lease creditors	104	31
Accruals and deferred income	225	296
Proposed dividend	300	-
	-----	-----
	4,134	3,796
	=====	=====

The bank loan is secured against certain of the freehold and leasehold properties of the company, and is repayable over five years (note 16).

CULLEN'S STORES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTY-TWO WEEKS ENDED 25TH FEBRUARY 1996

16. CREDITORS - amounts falling due after more than one year.

	1996 £000	1995 £000
Bank loan repayable by instalments:		
– Amounts payable between one and two years	60	60
– Amounts payable between two and five years	120	180
Finance leases:		
– Amounts payable between one and two years	84	37
– Amounts payable between two and five years	106	40
	-----	-----
	370	317
	=====	=====

17. PROVISION FOR LIABILITIES AND CHARGES

At 25th February 1996, the company had not provided for £180,000 of deferred tax arising on the disposal of a freehold property during the year as the chargeable gain arising will be rolled over into new acquisitions.

There was no unprovided deferred tax at 26th February 1995.

18. SHARE CAPITAL

	Number of shares	£000
Authorised at 26 th February 1995 and 25 th February 1996:		
5% cumulative preference shares of £1 each	250,000	250
Ordinary shares of 20p each	1,000,000	200
"A" non-voting ordinary share of 20p each	1,000,000	200
Unclassified shares of £1 each	100,000	100

		750
		=====
Allotted, issued and fully paid at 26 th February 1995 and 25 th February 1996:		
5% cumulative preference shares of £1 each	220,000	220
Ordinary shares of 20p each	1,000,000	200
"A" non-voting ordinary shares of 20p each	1,000,000	200

		620
		=====

CULLEN'S STORES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTY-TWO WEEKS ENDED 25TH FEBRUARY 1996

19. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share Capital £000	Revaluation Reserve £000	Profit & Loss Account £000	Total £000
At 27 th February 1994 - as stated	620	1,382	(252)	1,750
Prior year adjustment	-	(640)	-	(640)
Retained profit for the year	-	-	337	337
Transfer of reserves	-	(52)	52	-
At 26 th February 1995 - restated	620	690	137	1,447
At 26 th February 1995 - as stated	620	1,289	137	2,046
Prior year adjustment	-	(599)	-	(599)
Retained profit for the year	-	-	349	349
Dividend	-	-	(300)	(300)
Transfer of reserves	-	(267)	267	-
At 25 th February 1996	620	423	453	1,496

CULLEN'S STORES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTY-TWO WEEKS ENDED 25TH FEBRUARY 1996

20. LEASE COMMITMENTS

Land & Buildings	Other	Land & Buildings	Other
1996	1996	1995	1995
£000	£000	£000	£000

Operating leases:

The annual rentals payable under operating leases are:

Operating leases which expire within one year	4	-	-	-
Operating leases which expire within two to five years	-	9	-	-
Operating leases which expire after five years	1,443	-	1,176	-
	-----	-----	-----	-----
	1,447	9	1,176	-
	=====	=====	=====	=====

The operating leases for land and buildings are subject to periodic rent reviews.

Finance leases:

Finance leases payable within one year	-	104	-	31
Finance leases payable within two to five years	-	190	-	77
	-----	-----	-----	-----
	-	294	-	108
	=====	=====	=====	=====

Finance charges allocated to future years amount to £39,000 (1995 - £7,000).

21. PENSION COSTS

The company operates a number of defined contribution schemes. The pension cost in respect of these schemes was £29,275 (1995 - £24,856).

22. CAPITAL COMMITMENTS

	1996	1995
	£000	£000
Contracted but not provided for	286	18
Authorised but not contracted	-	300
	=====	=====

CULLEN'S STORES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTY-TWO WEEKS ENDED 25TH FEBRUARY 1996

23. CONTINGENT LIABILITIES

At 25th February 1996, the company had given guarantees in respect of borrowings of two of its franchisees to the value of £157,000 on which no loss is expected to arise.

24. RECONCILIATION OF PROFIT ON ORDINARY ACTIVITIES TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	1996 £000	1995 £000
Operating profit	300	249
Depreciation charge	420	328
(Profit)/loss on sale of franchises	(150)	5
Profit on sale of motor vehicles	(8)	-
Profit on sale of fixtures and fittings	(39)	-
Proceeds from sale of franchises	369	213
(Increase)/decrease in stocks	(90)	35
Decrease in debtors	170	121
Increase/(decrease) in creditors and provisions	115	(270)
Net cash inflow from operating activities	1,087	681

CULLEN'S STORES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTY-TWO WEEKS ENDED 25TH FEBRUARY 1996

25. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE PERIOD

Analysis of balances as shown in the balance sheet and changes during the current and previous year:

	1996 £000	1995 £000	Change in Year £000
Cash at bank and in hand	4	287	(283)
	=====	=====	=====
	1995 £000	1994 £000	Change in Year £000
Cash at bank and in hand	287	4	283
Bank overdraft	-	(454)	454
Bank loan	-	(400)	400
	-----	-----	-----
	287	(850)	1,137
	=====	=====	=====

26. ULTIMATE PARENT COMPANY

The ultimate parent company is Cullen's Holdings plc, a company registered in England, which has undertaken to provide financial support to the company to enable it to meet its liabilities as they fall due.

Copies of the group accounts of Cullen's Holdings plc are available from the company's registered office.