

SC 13150

**JENNERS PRINCES STREET  
EDINBURGH LIMITED**

**Report and Accounts**

31 January 1996

**ERNST & YOUNG**

*WJ*



# JENNERS PRINCES STREET EDINBURGH LIMITED

---

## DIRECTORS

R.A.G. Douglas Miller	Chairman & Managing Director
D.J. Bryans	Joint Merchandise Director
A.G. Douglas Miller	Director
R.P. Douglas Miller	Administration Director
K.N. Grant	Joint Merchandise Director
S.R.A. Wyeth	Non-Executive Director

## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 48 Princes Street, Edinburgh on 4 June 1996 at 11am to transact the following business:

1. To receive and adopt the Directors' Report and Statement of Accounts for the year ended 31 January 1996.
2. To declare a dividend on the Ordinary Share Capital.
3. To re-elect D.J. Bryans as a Director of the Company.
4. To re-appoint Ernst & Young, Chartered Accountants, as the Company's auditors and to authorise the Directors to fix their remuneration.

By order of the board

*S. B. Reid*

Secretary

26 April 1996

## REGISTERED OFFICE

48 Princes Street  
Edinburgh  
EH2 2YJ

## NOTES:

1. Only holders of Ordinary Shares are entitled to attend and vote at the Annual General Meeting.
2. A member who is entitled to attend and vote at this meeting may appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. The following information is available for inspection at the Registered Office of the Company on weekdays (except Saturdays) during normal business hours from the date of this notice until the conclusion of the Annual General Meeting:-

A statement of the Directors' transactions and of their families' interests in the Share and Loan Capital of the Company.

# JENNERS PRINCES STREET EDINBURGH LIMITED

## REPORT OF THE DIRECTORS

The Directors present their report and the Group accounts for the year ended 31 January 1996.

### RESULTS AND DIVIDENDS

The Group profit on ordinary activities after tax amounted to £2,430,487 (1995: £1,019,709). After taking account of dividends the sum of £1,628,847 (1995: £276,869) is transferred to Reserves.

The Directors propose a final dividend on the ordinary shares of 41.5p per share making, with the interim dividend already paid, 78.5p per share for the year. The proposed dividend, if approved, will be paid on 14 June 1996.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company's principal activity is operating one of the leading department stores in Europe and it also derives income from other heritable properties.

Our turnover increased in 1995 by 3%, which although lower than our expectations at the start of the year was quite respectable in all the circumstances. The much proclaimed economic recovery last year failed to materialise before November and even then was not strong. To add to this some of our internal refurbishment work ran behind schedule and affected sales up to the Easter period. The long hot Summer was not conducive to shopping in department stores and the exceptionally cold period at the beginning of our Winter Sale did not help either! On a brighter note, the increasing expertise of our management and staff came through very strongly in the pre-Christmas period with a very encouraging increase in sales. Our fear that the scaffolding around the building would be a major impediment to our customers was not realised. In fact the appearance of our scaffolding has been widely complimented and is a credit to our staff and contractors. Our group profit therefore was achieved by a modest increase in sales, maintenance of our margins and a very commendable control of our expenses.

As ever, we remain indebted to the increasing skills and dedication of our management and staff for the achievement of this result.

There has been a most encouraging start to this year, with sales already ahead of budget. We hope this trend will continue and produce another successful year.

### FIXED ASSETS

Note 8 shows fixed asset additions of £564,902 last year.

The external refurbishment work has gone well with minimal disturbance to trade. Work has fallen slightly behind schedule but the first stage of scaffolding on the Princes Street frontage is now being dismantled. The work is still expected to be largely complete before the crucial trading period in the Autumn.

As to costs, the latest indication is that, owing to more extensive deterioration of the stonework than could be seen from the photogrammetric survey, the final total cost will be in the region of £2,350,000, about £100,000 more than we have already provided for. This estimated additional cost has been provided for in this year's Accounts.

### MARKET VALUE OF LAND AND BUILDINGS

In the opinion of the Directors, the value to the Company of its heritable properties is in excess of the amount shown in the Accounts.

# JENNERS PRINCES STREET EDINBURGH LIMITED

## REPORT OF THE DIRECTORS

### CADBURY COMMITTEE RECOMMENDATIONS

#### *Going concern*

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the accounts.

Whilst the Directors agree with many of the sentiments expressed or implied in the Code of Best Practice incorporated in the Committee's final report, they do not consider it either practical or desirable in a Company of this size and with its ownership profile to comply formally with all the detailed points set out in the Guide.

Those recommendations with which the Company does not comply are set out on page 5.

### CHARITABLE AND POLITICAL CONTRIBUTIONS

During the year the Company made contributions of £8,919 for charitable purposes and £200 to Conservative Party Funds.

### EMPLOYEE INVOLVEMENT

Management and Staff Employee Committees continue to be effective in facilitating communications to and from all levels within the Company.

In addition we have meetings attended by all employees at which the Company's results for the past year and its aims for the coming year are analysed and discussed.

### DISABLED EMPLOYEES

It is Company policy to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Whenever possible, arrangements are made to continue the employment of persons who have become disabled during their service with the Company. Disablement need not be a barrier to the training, career development and promotion of disabled persons.

### DIRECTORS AND THEIR INTERESTS

In accordance with the Articles of Association, Mr. D.J. Bryans retires at this time and, being eligible, offers himself for re-election.

Mr. S.R.A. Wyeth, a non-executive Director, joined the Company in 1981, having previously retired as Managing Director of Beatties of Wolverhampton, an English department store group. In addition to his duties as a non-executive Director, Mr. Wyeth also spends time in Edinburgh periodically, providing consultancy on merchandise matters.

He is going to reduce progressively his time commitment to us this year with a view to finishing his consultancy work in January 1997. The Directors would like formally to record their thanks for his help over the last 15 years in the development of the merchandise assortment in the Company.

Mr. Tim Daniels, until recently Managing Director of Selfridges in Oxford Street, is going to join us in July as a Non Executive Director and as a Consultant, largely to replace the work done by Mr. Wyeth.

No Director has a service contract of more than one year's duration.

The Directors serving during the year are listed on page 1.

# JENNERS PRINCES STREET EDINBURGH LIMITED

## REPORT OF THE DIRECTORS

### DIRECTORS AND THEIR INTERESTS (continued)

According to the Register kept for this purpose, the interests of the Directors and those of their families in the capital of the Company are as follows:-

	At 31 January 1996		At 31 January 1995 or date of appointment	
	Ordinary shares	10% Cum Pref shares	Ordinary shares	10% Cum Pref shares
Beneficial:				
R.A.G. Douglas Miller	91,261	97,367	91,261	97,367
S.R.A. Wyeth	500	-	500	-
D.J. Bryans	-	-	-	-
A.G. Douglas Miller	56,114	19,402	56,114	19,402
R.P. Douglas Miller	50,224	28,995	50,224	29,402
K.N. Grant	-	-	-	-
Non-beneficial				
R.A.G. Douglas Miller	192,019	216,712	192,019	216,712

#### Note:

Since 31 January 1996 Mr. R.A.G. Douglas Miller has acquired a beneficial interest in a further 7,205 Ordinary Shares and Mr. R.P. Douglas Miller has acquired a non-beneficial interest in 26,013 Ordinary Shares.

Mr. R.A.G. Douglas Miller's non-beneficial interest in the ordinary shares has been reduced by the disposal of 57,640 shares.

No Director had any beneficial interest in any contract with the Company or its subsidiary Company during or at the end of the year.

### SUBSTANTIAL SHAREHOLDERS

Other than the Directors' shareholdings the following substantial shareholdings existed at 26 April 1996.


	Ordinary shares
The Trustees of the late Mr. A.M. Kennedy (Senior)	25,632
The Trustees of the late Mr. A.M. Kennedy	60,470
Miss C.M. Kennedy	50,232
Dr. C.R. Kennedy	50,391
Ms J.H. Kennedy	50,232
Dr. R.K.I. Kennedy	41,152
Mr. C. Lawrie	25,706
Dr. I.M. Macmichael	25,314
Mr. E.J. Douglas Miller	50,222
Miss E.L.J. Douglas Miller	34,084
The Trustees of the late Mr. F.G. Douglas Miller	26,013

Except as stated above the Company has not received notification that any person holds more than 3% of the issued ordinary share capital.

### AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the Board

  
Secretary

26 April 1996

## CORPORATE GOVERNANCE

### STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Company has complied throughout the year with all aspects of the Code of Best Practice recommended by the committee on the Financial Aspects of Corporate Governance except as undernoted:

- Paragraph 1.2 of the code recommends there should be a clearly accepted division of responsibilities at the head of a Company which will ensure a balance of power and authority such that no one individual has unfettered power of decision.

The Chairman is also the Managing Director and the Directors consider this arrangement to be satisfactory.

- Paragraph 1.3 of the code recommends that the board should include Non-Executive Directors of sufficient number for their views to carry significant weight in the board's decisions.

The Company has one Non-Executive Director and the Directors consider that this is adequate.

- Paragraph 1.4 of the code recommends that the board should have a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the Company is firmly in its hands.

The Company does not have a formal schedule of such matters. However, it has informal rules which require all decisions regarding acquisitions and significant capital expenditure to be taken by the board.

- Paragraph 1.5 of the code recommends that there should be an agreed procedure for Directors, in the furtherance of their duties, to take independent professional advice if necessary, at the Company's expense.

The Company has no such procedure as no Director has ever had cause to take independent professional advice.

- Paragraph 2.3 of the code recommends that Non-Executive Directors should be appointed for specified terms and re-appointment should not be automatic.

The Non-Executive Director has not been appointed for a specified period and does not believe that this is necessary. However he is required to retire by rotation and seek re-election at the Annual General Meeting.

- Paragraph 3.3 of the code recommends that executive Directors' pay should be subject to the recommendations of a remuneration committee made up wholly or mainly of Non-Executive Directors.

The Company does not have a remuneration committee.

- Paragraph 4.3 of the code recommends that the board establish an audit committee of at least 3 Non-Executive Directors with written terms of reference which deal clearly with its authority and duties.

The Company does not have an audit committee.

## CORPORATE GOVERNANCE

### STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF BEST PRACTICE

(continued)

#### INTERNAL FINANCIAL CONTROL

The board is responsible for establishing and maintaining the group's system of internal financial control. Internal control systems are designed to meet the particular needs of the group concerned and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss.

- **Management structure**

The board has overall responsibility for the group. Each Executive Director has been given responsibility for specific aspects of the group's affairs. The Executive Directors involve themselves in the day to day management of the group.

- **Identification of business risks**

The board is responsible for identifying the major business risks faced by the group and for determining the appropriate course of action to manage those risks.

- **Budgetary process**

Each year the management committee appointed by the board approves the annual budget. Performance is monitored and relevant action taken throughout the year through the monthly reporting to the committee of variances from the budget.

- **Investment appraisal**

Capital expenditure is regulated by a budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals have to be submitted to the board. Reviews are carried out after the work is complete, and for some projects, during the work, to monitor expenditure; major overruns are investigated.

The Directors have not completed a formal or full review of the effectiveness of the system of internal financial control.

## REPORT BY THE AUDITORS

to Jenners Princes Street Edinburgh Limited on corporate governance matters

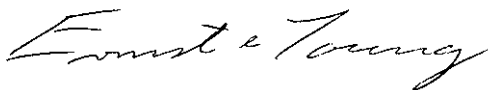
In addition to our audit of the accounts we have reviewed the directors' statements on pages 3, 5 and 6 on the company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to any non-compliance with those paragraphs of the Code which is not disclosed.

We carried out our review in accordance with Bulletin 1995/1 'Disclosures relating to corporate governance' issued by the Auditing Practices Board and assessed whether the directors' statements on going concern and internal financial control are consistent with the information of which we are aware from our audit. That Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the group's system of internal financial control or the company's corporate governance procedures nor on the ability of the group to continue in operational existence.

### Opinion

With respect to the directors' statements on going concern and internal financial control on pages 3 and 6, in our opinion the directors have provided the disclosures required by paragraph 4.6 of the Code and have explained the extent of their compliance with the disclosures on internal financial control as required by paragraph 4.5 of the Code (both as supplemented by the related guidance for directors) and such statements are consistent with the information of which we are aware from our audit work on the accounts.

Based on enquiry of certain directors and officers of the company, and examination of relevant documents, in our opinion the directors' statement on page 5 appropriately reflects the company's compliance with the other paragraphs of the Code specified for our review.



Chartered Accountants  
Edinburgh

26 April 1996



**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The Directors confirm that the accounts comply with the above requirements.

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

**REPORT OF THE AUDITORS**

**to the members of Jenners Princes Street Edinburgh Limited**

We have audited the accounts on pages 10 to 20, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 14.

**Respective responsibilities of directors and auditors**

As described on page 8 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

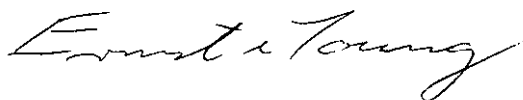
**Basis of opinion**

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 accounts, and of whether the accounting policies are appropriate to the group'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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 January 1996 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants  
Registered Auditor  
Edinburgh

26 April 1996

# JENNERS PRINCES STREET EDINBURGH LIMITED

## GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 1996

	Notes	1996 £	1995 £
<b>TURNOVER</b>	2	41,811,752	40,605,641
Cost of sales		(29,268,074)	(28,661,017)
Gross profit		12,543,678	11,944,624
Selling and administrative expenses (including exceptional item)		(9,742,363)	(11,263,038)
		2,801,315	681,586
Net rental income		446,448	420,022
<b>OPERATING PROFIT BEFORE EXCEPTIONAL ITEM</b>	3	3,347,763	3,271,608
Exceptional item	4	(100,000)	(2,170,000)
<b>OPERATING PROFIT</b>		3,247,763	1,101,608
Interest receivable on deposits		450,686	292,052
Interest payable	5	(686)	(4,147)
		450,000	287,905
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	3,697,763	1,389,513
Tax on profit on ordinary activities	6	(1,267,276)	(369,804)
<b>PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY</b> of which £2,430,487 (1995: £1,019,709) has been dealt with in the accounts of the parent company		2,430,487	1,019,709
<b>DIVIDENDS</b>			
Preference dividend on non-equity shares		142,240	142,240
Ordinary dividend on equity shares		659,400	600,600
	7	801,640	742,840
<b>PROFIT TRANSFERRED TO RESERVES</b>		1,628,847	276,869
<b>STATEMENT OF RETAINED PROFITS</b>			
Retained profit at beginning of year		14,726,370	13,449,501
Retained profit for year		1,628,847	276,869
Transfer from building refurbishment reserve		-	1,000,000
<b>RETAINED PROFIT AT END OF YEAR</b>		16,355,217	14,726,370

There are no recognised gains or losses other than the profit attributable to shareholders of the Group of £2,430,487 in the year ended 31 January 1996 and £1,019,709 in the year ended 31 January 1995.

# JENNERS PRINCES STREET EDINBURGH LIMITED

## GROUP BALANCE SHEET

AT 31 JANUARY 1996

	Notes	£	1996 £	1995 £
<b>FIXED ASSETS</b>				
Tangible assets	8		5,991,460	6,180,643
<b>CURRENT ASSETS</b>				
Stocks		5,909,639		5,400,290
Debtors	10	3,082,084		2,824,963
Cash at bank and in hand	11	10,246,218		8,961,857
		<u>19,237,941</u>		<u>17,187,110</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>5,313,511</u>		<u>4,376,155</u>
<b>NET CURRENT ASSETS</b>			13,924,430	12,810,955
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			19,915,890	18,991,598
<b>PROVISION FOR LIABILITIES AND CHARGES</b>				
Deferred taxation	13	(87,150)		(78,750)
Provision for building repairs	14	<u>1,363,845</u>		<u>2,060,000</u>
			1,276,695	1,981,250
			<u>18,639,195</u>	<u>17,010,348</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	15		2,262,400	2,262,400
Capital redemption reserve			21,578	21,578
Revenue reserves	16		16,355,217	14,726,370
Shareholders' funds:				
Equity			<u>17,216,795</u>	<u>15,587,948</u>
Non-equity			<u>1,422,400</u>	<u>1,422,400</u>
<b>Total</b>			<u>18,639,195</u>	<u>17,010,348</u>

 Director

26 April 1996

# JENNERS PRINCES STREET EDINBURGH LIMITED

## BALANCE SHEET AT 31 JANUARY 1996

	Notes	£	1996 £	1995 £
<b>FIXED ASSETS</b>				
Tangible assets	8		5,991,460	6,180,643
Investment in subsidiary undertaking	9		7,000	7,000
			<u>5,998,460</u>	<u>6,187,643</u>
<b>CURRENT ASSETS</b>				
Stocks		5,909,639		5,400,290
Debtors	10	3,082,084		2,824,963
Cash at bank and in hand	11	10,246,218		8,961,857
		<u>19,237,941</u>		<u>17,187,110</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>5,537,202</u>		<u>4,599,846</u>
<b>NET CURRENT ASSETS</b>			<u>13,700,739</u>	<u>12,587,264</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>19,699,199</u>	<u>18,774,907</u>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>				
Deferred taxation	13	(87,150)		(78,750)
Provision for building repairs	14	<u>1,363,845</u>		<u>2,060,000</u>
			<u>1,276,695</u>	<u>1,981,250</u>
			<u>18,422,504</u>	<u>16,793,657</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	15		2,262,400	2,262,400
Capital redemption reserve			21,578	21,578
Revenue reserves	16		16,138,526	14,509,679
Shareholders' funds:				
Equity			<u>17,000,104</u>	<u>15,371,257</u>
Non-equity			<u>1,422,400</u>	<u>1,422,400</u>
<b>Total</b>			<u>18,422,504</u>	<u>16,793,657</u>

 Director

26 April 1996

# JENNERS PRINCES STREET EDINBURGH LIMITED

## GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JANUARY 1996

	<i>Notes</i>	<i>1996</i>	<i>1995</i>
		£	£
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>3c</b>	<b>2,686,791</b>	<b>3,571,185</b>
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>			
Interest received		422,024	292,052
Interest paid		(309)	(4,147)
Dividends paid		(768,040)	(713,440)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<b>(346,325)</b>	<b>(425,535)</b>
<b>TAXATION</b>			
Corporation tax paid (including advance corporation tax)		(573,928)	(1,330,076)
<b>TAX PAID</b>		<b>(573,928)</b>	<b>(1,330,076)</b>
<b>INVESTING ACTIVITIES</b>			
Payments to acquire tangible fixed assets		(518,745)	(281,254)
Receipts from sales of tangible fixed assets		36,568	44,507
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<b>(482,177)</b>	<b>(236,747)</b>
<b>NET CASH INFLOW BEFORE FINANCING</b>		<b>1,284,361</b>	<b>1,578,827</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>11</b>	<b>1,284,361</b>	<b>1,578,827</b>
		<b>1,284,361</b>	<b>1,578,827</b>

# JENNERS PRINCES STREET EDINBURGH LIMITED

## NOTES TO THE ACCOUNTS

AT 31 JANUARY 1996

### 1. ACCOUNTING POLICIES

#### *Basis of preparation*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *Basis of consolidation*

The consolidated accounts include the accounts of Kennington Leasing Limited, a wholly-owned subsidiary undertaking, for the year to 31 January. No profit and loss account is presented for the Company as provided by S.230 of the Companies Act 1985.

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Cost of retail stocks is computed by reducing the selling price of stocks by the average departmental gross profit margins. Net realisable value is the expected sale proceeds in the ordinary course of business.

#### *Depreciation*

Depreciation is provided on fixed assets, other than land, on a straight-line basis at the following rates, based on their estimated useful lives:

Fittings, furnishings and plant	5% to 33 1/3 %
Vehicles	25%
Heritable properties (excluding the cost attributable to land)	2%

#### *Deferred taxation*

Deferred taxation is provided on the liability method on all timing differences to the extent that they are expected to reverse in the future, calculated at the rate at which it is estimated that the tax will become payable. Advance corporation tax which is expected to become recoverable in the future is deducted from the deferred taxation balance.

#### *Pensions*

A defined benefit pension scheme is operated by the Company and membership is available to the majority of the full-time and part-time employees. Contributions are charged to the profit and loss account on a basis that spreads the expected cost of providing pensions over the employees' working lives with the Company.

### 2. TURNOVER AND GROUP PROFIT

Retail turnover (including VAT) amounted to £46,822,940 and represents sales of goods and services, including concession shop sales, fees and commissions charged to customers. Turnover relates to continuing activities. Turnover (excluding VAT) and Group profit on ordinary activities before taxation were contributed as follows:-

Area of activity:	1996		1995	
	Turnover £	Profit £	Turnover £	Profit £
retailing	41,611,735	3,324,393	40,413,296	1,018,702
other	200,017	373,370	192,345	370,811
	<u>41,811,752</u>	<u>3,697,763</u>	<u>40,605,641</u>	<u>1,389,513</u>

# JENNERS PRINCES STREET EDINBURGH LIMITED

## NOTES TO THE ACCOUNTS

AT 31 JANUARY 1996

(continued)

### 3. OPERATING PROFIT

	1996	1995
	£	£
a) This is stated after charging or (crediting):		
Depreciation	745,123	769,509
Local rates	569,811	560,069
Gain on disposal of tangible fixed assets	(27,606)	(35,905)
	<u>          </u>	<u>          </u>
b) Auditors' remuneration:		
- audit services (parent company £22,200 - 1995: £18,800)	22,200	18,800
- non-audit services	11,535	28,300

### c) Reconciliation of operating profit to net cash inflow from operating activities:

	1996	1995
	£	£
Operating profit	3,247,763	1,101,608
Depreciation	745,123	769,509
(Decrease)/increase in provisions	(696,155)	1,980,000
Gain on disposal of tangible fixed assets	(27,606)	(35,905)
(Increase) in debtors	(228,459)	(53,765)
(Increase) in stocks	(509,349)	(670,401)
Increase in creditors	155,474	480,139
	<u>          </u>	<u>          </u>
Net cash inflow from operating activities	2,686,791	3,571,185

### 4. EXCEPTIONAL ITEM

	1996	1995
	£	£
Building repairs:		
Initial survey and fee costs	-	110,000
Provision for repairs	100,000	2,060,000
	<u>          </u>	<u>          </u>
	100,000	2,170,000

In order to assist in understanding the Group's results for the year, and in view of the unusual materiality of the exceptional item in the results, the Directors believe that it is appropriate to show separately the operating profit of the Group before the exceptional item on the face of the profit and loss account as additional information.

The £100,000 provided during the year ended 31 January 1996 relates to costs which were unforeseen at the time of the initial contract.

### 5. INTEREST PAYABLE

	1996	1995
	£	£
Bank overdraft and other interest	686	4,147
	<u>          </u>	<u>          </u>



# JENNERS PRINCES STREET EDINBURGH LIMITED

## NOTES TO THE ACCOUNTS

AT 31 JANUARY 1996

(continued)

### 6. TAXATION

	1996	1995
	£	£
Tax on profit on ordinary activities		
The taxation charge at 33% (1995: 33%) based on the profit for the year is made up as follows:-		
Corporation tax	1,260,909	574,434
Corporation tax under/(over) provided in previous years	6,367	(204,630)
	<u>1,267,276</u>	<u>369,804</u>

The tax charge for the year has been increased by £59,556 (1995: £50,848) in respect of permanent timing differences.

### 7. DIVIDENDS

	1996	1995
	£	£
10% Cumulative Preference Shares	142,240	142,240
Ordinary Shares		
Interim dividend of 37p (34p) per share	310,800	285,600
Proposed final dividend of 41.5p (37.5p) per share	348,600	315,000
	<u>659,400</u>	<u>600,600</u>
	<u>801,640</u>	<u>742,840</u>

### 8. TANGIBLE FIXED ASSETS

Group and Company

	Heritable land and buildings	Fittings, furnishings, plant and vehicles	Total
	£	£	£
Cost:			
At 31 January 1995	5,442,510	12,731,473	18,173,983
Additions	5,923	558,979	564,902
Disposals	-	(72,168)	(72,168)
At 31 January 1996	<u>5,448,433</u>	<u>13,218,284</u>	<u>18,666,717</u>
Depreciation:			
At 31 January 1995	1,695,273	10,298,067	11,993,340
Provided during the year	85,683	659,440	745,123
Disposals	-	(63,206)	(63,206)
At 31 January 1996	<u>1,780,956</u>	<u>10,894,301</u>	<u>12,675,257</u>
Net book value:			
At 31 January 1996	<u>3,667,477</u>	<u>2,323,983</u>	<u>5,991,460</u>
At 31 January 1995	<u>3,747,237</u>	<u>2,433,406</u>	<u>6,180,643</u>

### 9. INVESTMENT IN SUBSIDIARY UNDERTAKING

Kennington Leasing Limited is a wholly owned subsidiary undertaking registered in Scotland. The company has remained dormant throughout the period.

The investment is stated at cost.

# JENNERS PRINCES STREET EDINBURGH LIMITED

## NOTES TO THE ACCOUNTS

AT 31 JANUARY 1996

(continued)

### 10. DEBTORS

	1996		1995	
	Group	Company	Group	Company
	£	£	£	£
Trade debtors	2,659,389	2,659,389	2,622,688	2,622,688
Other debtors	83,096	83,096	47,394	47,394
Prepayments and accrued income	339,599	339,599	154,881	154,881
	<u>3,082,084</u>	<u>3,082,084</u>	<u>2,824,963</u>	<u>2,824,963</u>

### 11. CASH AND CASH EQUIVALENTS

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

	1996	1995	Change in year
	£	£	£
Cash at bank and in hand	<u>10,246,218</u>	<u>8,961,857</u>	<u>1,284,361</u>
	1995	1994	Change in year
	£	£	£
Cash at bank and in hand	<u>8,961,857</u>	<u>7,383,030</u>	<u>1,578,827</u>

### 12. CREDITORS: amounts falling due within one year

	1996		1995	
	Group	Company	Group	Company
	£	£	£	£
Trade creditors	2,056,876	2,056,876	1,655,507	1,655,507
Amount due to subsidiary undertaking	-	223,691	-	223,691
Current corporation tax	1,155,556	1,155,556	454,036	454,036
Other taxes & social security costs	1,022,199	1,022,199	1,376,961	1,376,961
Accruals	730,280	730,280	574,651	574,651
Proposed dividend	348,600	348,600	315,000	315,000
	<u>5,313,511</u>	<u>5,537,202</u>	<u>4,376,155</u>	<u>4,599,846</u>

### 13. DEFERRED TAXATION

Deferred taxation provided in the accounts is as follows:-

	1996		1995	
	Group	Company	Group	Company
	£	£	£	£
Capital allowances	118,218	118,218	110,788	110,788
Other timing differences	(118,218)	(118,218)	(110,788)	(110,788)
Advance corporation tax	(87,150)	(87,150)	(78,750)	(78,750)
	<u>(87,150)</u>	<u>(87,150)</u>	<u>(78,750)</u>	<u>(78,750)</u>

# JENNERS PRINCES STREET EDINBURGH LIMITED

## NOTES TO THE ACCOUNTS

AT 31 JANUARY 1996

(continued)

### 14. PROVISION FOR BUILDING REPAIRS

	1996 Group and Company £
At 31 January 1995	2,060,000
Provided during year (Note 4)	100,000
Utilised during year	(796,155)
At 31 January 1996	<u>1,363,845</u>

### 15. CALLED UP SHARE CAPITAL

	1996		1995	
	Authorised £	Allotted, called up and fully paid £	Authorised £	Allotted, called up and fully paid £
10% Cumulative Preference £1 shares	1,422,400	1,422,400	1,422,400	1,422,400
Ordinary £1 shares	840,000	840,000	840,000	840,000
Unclassified £1 shares	323,422	-	323,422	-
	<u>2,585,822</u>	<u>2,262,400</u>	<u>2,585,822</u>	<u>2,262,400</u>

The 10% Cumulative Preference £1 shares carry a dividend of 10% per annum payable on 1 February and 1 August. The dividend rights are cumulative.

On a winding-up of the Company the preference shareholders have a right to receive, in preference to payments to ordinary shareholders, £1 per share plus any accrued dividend.

The preference shareholders have a right to vote in circumstances where their rights may be varied or where the structure of the Company may be amended in such a way as may indirectly affect their rights.

### 16. REVENUE RESERVES

	Group £	Company £
At 31 January 1995	14,726,370	14,509,679
Retained profit for year	1,628,847	1,628,847
At 31 January 1996	<u>16,355,217</u>	<u>16,138,526</u>

### 17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit attributable to members of the parent company	2,430,487	1,019,709
Dividends	(801,640)	(742,840)
Net addition to shareholders' funds	1,628,847	276,869
Opening shareholders' funds	17,010,348	16,733,479
Closing shareholders' funds	<u>18,639,195</u>	<u>17,010,348</u>

# JENNERS PRINCES STREET EDINBURGH LIMITED

## NOTES TO THE ACCOUNTS

AT 31 JANUARY 1996

(continued)

### 18. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the accounts amounted to £413,000 for the Group and Company (1995: £Nil). Amounts authorised by 31 January by the Directors but not contracted for amounted to £330,000 for the Group and Company (1995: £1,200,000 Group and Company).

### 19. DIRECTORS' EMOLUMENTS AND STAFF COSTS

	1996	1995
	£	£
(a) Directors' emoluments:		
Fees	12,350	10,350
Other emoluments (including pension contributions)	360,164	289,843
	<u>372,514</u>	<u>300,193</u>

The emoluments of the Chairman who is also the Highest-Paid Director are as follows:

	1996	1995
	£	£
Fees	2,350	2,350
Salary	104,000	99,000
Benefits	7,968	8,184
	<u>114,318</u>	<u>109,534</u>
Pension contributions	8,508	8,108
	<u>122,826</u>	<u>117,642</u>

Directors' emoluments excluding pension contributions fall within the following ranges:

	1996	1995
	No	No
£ 20,001 - £ 25,000	1	1
£ 40,001 - £ 45,000	-	1
£ 45,001 - £ 50,000	2	1
£ 50,001 - £ 55,000	1	-
£ 55,001 - £ 60,000	-	1
£ 60,001 - £ 65,000	1	-
£105,001 - £110,000	-	1
£110,001 - £115,000	1	-

# JENNERS PRINCES STREET EDINBURGH LIMITED

## NOTES TO THE ACCOUNTS

AT 31 JANUARY 1996

(continued)

### 19. DIRECTORS' REMUNERATION AND STAFF COSTS

(continued)

(b) Staff costs:

	1996	1995
	£	£
Wages and salaries	5,906,305	5,436,665
Social security costs	365,218	357,578
Other pension costs	317,429	283,415
	<u>6,588,952</u>	<u>6,077,658</u>

The average number of employees (including part-time & seasonal temporary employees) employed in the Group during the year was 743 (1995: 727).

### 20. PENSION COMMITMENTS

The Company operates a defined benefit contributory pension scheme. The assets of the scheme are held in a separately administered fund.

The pension cost charge is determined in accordance with the advice of independent qualified actuaries on the basis of triennial valuations using the attained age method. The latest actuarial assessment was at 1 January 1993 using the following main assumptions;

Rate of interest	8% per annum
Rate of salary increases	7% per annum
Rate of dividend growth	3% per annum

The market value of the scheme's assets at that date amounted to £7,321,538 and the actuarial value was sufficient to cover 107% of the benefits that had accrued to members after allowing for the effect of future increases in earnings.