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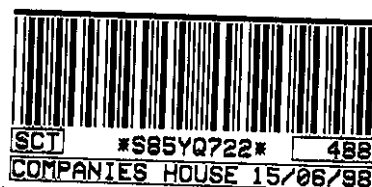
JENNERS PRINCES STREET EDINBURGH LIMITED

Report and Accounts

31 January 1998

 ERNST & YOUNG

Ch



DIRECTORS

R.A.G. Douglas Miller	Chairman	
A.G. Douglas Miller	Managing Director	
R.P. Douglas Miller	Deputy Managing Director	
K.N. Grant	Merchandise Director	
S.R.A. Wyeth	Non-Executive Director	(resigned 3 June 1997)
A.A. Salem	Non-Executive Director	(appointed 22 August 1997)

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 48 Princes Street, Edinburgh on 26 May, 1998 at 11 am to transact the following business:

1. To receive and adopt the Directors' Report and Statement of Accounts for the year ended 31 January 1998.
2. To declare a dividend on the Ordinary Share Capital.
3. To re-elect Mr R.A.G Douglas Miller and to elect Mr A.A. Salem as Directors 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

Secretary

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 Capital of the Company.

REPORT OF THE DIRECTORS

The Directors present their report and the Group accounts for the year ended 31 January 1998.

RESULTS AND DIVIDENDS

The Group profit on ordinary activities after tax amounted to £3,026,112 (1997: £2,591,652). After taking account of dividends the sum of £1,909,472 (1997: £1,609,412) is transferred to Reserves.

The Directors propose a final dividend on the ordinary shares of 50p per share making, with the interim dividend already paid, 116p per share for the year. The proposed dividend, if approved, will be paid on 12 June 1998.

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.

The increase of over 5% in turnover for 1997 was well ahead of inflation but lower than our plans. However, within the local economy it was a respectable result. The uncertainty surrounding the Spring election, a poor tourist season due to a strong pound, and a lacklustre Christmas dampened our overall performance. Against this background, our group profit was achieved partly by an improvement in merchandising but principally by saving on expenses.

The increasingly competitive local economy has highlighted again how important it is for the company to maintain highly skilled management and staff and we would like to take this opportunity to thank them for their continued hard work and loyalty.

Sales this year started on a subdued note but this was largely due to Easter falling later.

As the Government's intentions on Local Authority expenditure become clearer we are concerned about a return to the onerous rates burden in Edinburgh and the likely impact this will have on our financial success and ability to develop.

Even so, we remain confident that our continuing improvements in merchandise selection, upgrading the Store and customer service will lead to another satisfactory year.

FIXED ASSETS

Note 7 shows fixed asset additions of £822,154 last year.

Our annual shopfitting work this year on the Fashion Accessories, Handbags, Toiletries and Stationery departments is now complete and the installation of a new generation of store-wide point of sale equipment commences in May.

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.

REPORT OF THE DIRECTORS

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.

CHARITABLE AND POLITICAL CONTRIBUTIONS

During the year the Company made contributions of £11,171 for charitable purposes and £900 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 R A G Douglas Miller retires at this time, as does Mr A A Salem, who was appointed as a non-executive Director on 22 August 1997. Both Directors, being eligible, offer themselves for re-election.

Mr Salem has worked in retailing for some 25 years, latterly as Managing Director of a London departmental store trading in the upper level of the market. In addition to his duties as a non-executive director, he will spend time in Edinburgh each month providing advice and guidance on merchandise and administrative matters.

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

The Directors serving throughout 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 1998		At 31 January 1997 or date of appointment	
	Ordinary shares	10% Cum Pref shares	Ordinary shares	10% Cum Pref shares
Beneficial:				
R.A.G. Douglas Miller	98,066	105,968	98,066	105,968
A.G. Douglas Miller	56,214	19,402	56,214	19,402
R.P. Douglas Miller	50,324	28,995	50,324	28,995
K.N. Grant	100	-	-	-
A.A. Salem	-	-	-	-
Non-beneficial:				
R.A.G. Douglas Miller	134,379	147,904	134,379	147,904
R.P. Douglas Miller	26,013	-	26,013	-

Note:

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 SHAREHOLDINGS

Other than the Directors' shareholdings the following substantial shareholdings existed at 22 April 1998.

	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	50,322
Miss E.L.J. Douglas Miller	34,184
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



S B Reid
Secretary

22 April 1998

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 7 to 17, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 11.

Respective responsibilities of directors and auditors

As described on page 5 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.

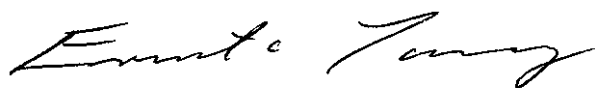
Basis of opinion

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 1998 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

22 April 1998

JENNERS PRINCES STREET EDINBURGH LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 1998

	Notes	1998 £	1997 £
TURNOVER	2	48,332,646	46,019,087
Cost of sales		(33,663,843)	(32,063,323)
Gross profit		14,668,803	13,955,764
Selling and administrative expenses		(11,015,340)	(10,802,011)
		3,653,463	3,153,753
Net rental income		497,723	459,792
OPERATING PROFIT	3	4,151,186	3,613,545
Interest receivable on deposits		546,504	472,881
Interest payable	4	(506)	(490)
		545,998	472,391
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	4,697,184	4,085,936
Tax on profit on ordinary activities	5	(1,671,072)	(1,494,284)
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY			
of which £3,025,253 (1997: £2,591,652) has been dealt with in the accounts of the parent company		3,026,112	2,591,652
Dividends	6	1,116,640	982,240
PROFIT TRANSFERRED TO RESERVES		1,909,472	1,609,412

JENNERS PRINCES STREET EDINBURGH LIMITED

GROUP BALANCE SHEET AT 31 JANUARY 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible assets	7	6,077,660	6,044,912
CURRENT ASSETS			
Stocks		6,361,186	6,815,763
Debtors	9	3,658,251	3,125,762
Cash at bank and in hand		12,520,312	10,269,814
		<u>22,539,749</u>	<u>20,211,339</u>
CREDITORS: amounts falling due within one year	11	6,459,330	6,007,644
NET CURRENT ASSETS		<u>16,080,419</u>	<u>14,203,695</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>22,158,079</u>	<u>20,248,607</u>
NET ASSETS		<u>22,158,079</u>	<u>20,248,607</u>
CAPITAL AND RESERVES			
Called up share capital	13	2,262,400	2,262,400
Capital redemption reserve		21,578	21,578
Revenue reserves	14	19,874,101	17,964,629
SHAREHOLDERS' FUNDS:			
Equity		20,735,679	18,826,207
Non-equity		1,422,400	1,422,400
Total	15	<u>22,158,079</u>	<u>20,248,607</u>

Director

214/98

JENNERS PRINCES STREET EDINBURGH LIMITED

BALANCE SHEET AT 31 JANUARY 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible fixed assets	7	6,077,660	6,044,912
Investment in subsidiary undertaking	8	7,000	7,000
		<u>6,084,660</u>	<u>6,051,912</u>
CURRENT ASSETS			
Stocks		6,361,186	6,815,763
Debtors	9	3,610,193	3,125,762
Cash at bank and in hand		12,520,312	10,269,814
		<u>22,491,691</u>	<u>20,211,339</u>
CREDITORS: amounts falling due within one year	11	6,635,822	6,231,335
		<u>15,855,869</u>	<u>13,980,004</u>
NET CURRENT ASSETS			
		<u>21,940,529</u>	<u>20,031,916</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>21,940,529</u>	<u>20,031,916</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	13	2,262,400	2,262,400
Capital redemption reserve		21,578	21,578
Revenue reserves	14	19,656,551	17,747,938
		<u>20,518,129</u>	<u>18,609,516</u>
SHAREHOLDERS' FUNDS:			
Equity		20,518,129	18,609,516
Non-equity		1,422,400	1,422,400
		<u>21,940,529</u>	<u>20,031,916</u>
Total			

Director

22/4/98

JENNERS PRINCES STREET EDINBURGH LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JANUARY 1998

	<i>Notes</i>	<i>1998</i> £	<i>1997</i> £
Net cash inflow from operating activities	3c	5,058,080	2,683,008
Returns on investment and servicing of finance			
Interest paid		(506)	(490)
Interest received		520,251	456,145
Preference dividend paid		(142,240)	(142,240)
Net cash inflow from returns on investments and servicing of finance		377,505	313,415
Taxation			
UK Corporation tax paid		(1,508,958)	(1,312,462)
Capital expenditure			
Payments to acquire tangible fixed assets		(822,154)	(824,621)
Receipts from sales of tangible fixed assets		36,425	16,856
		(785,729)	(807,765)
Equity dividends paid		(890,400)	(852,600)
Management of liquid resources	10	(2,000,000)	-
Increase in cash	10	250,498	23,596

JENNERS PRINCES STREET EDINBURGH LIMITED

NOTES TO THE ACCOUNTS AT 31 JANUARY 1998

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.

Leasing commitments

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

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 £54,224,582 (1997: £51,536,799) 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:	1998		1997	
	Turnover	Profit	Turnover	Profit
	£	£	£	£
retailing	48,117,386	4,427,665	45,804,627	3,744,009
other	215,260	269,519	214,460	341,927
	<u>48,332,646</u>	<u>4,697,184</u>	<u>46,019,087</u>	<u>4,085,936</u>

JENNERS PRINCES STREET EDINBURGH LIMITED

NOTES TO THE ACCOUNTS AT 31 JANUARY 1998 (continued)

3. OPERATING PROFIT

	1998	1997
	£	£
a) This is stated after charging or (crediting):		
Depreciation	765,761	766,446
Local rates	614,000	595,052
Gain on disposal of tangible fixed assets	(12,780)	(12,133)
Operating lease rentals - land and buildings	45,000	-
	<u> </u>	<u> </u>
b) Auditors' remuneration:		
- audit services (parent company £24,000 - 1997: £22,800)	25,000	22,800
- non-audit services	23,992	22,726
	<u> </u>	<u> </u>
c) Reconciliation of operating profit to net cash inflow from operating activities:		
	1998	1997
	£	£
Operating profit	4,151,186	3,613,545
Depreciation of tangible fixed assets	765,761	766,446
Profit on sale of tangible fixed assets	(12,780)	(12,133)
Decrease/(increase) in stocks	454,577	(906,124)
(Increase)/decrease in operating debtors and prepayments	(388,206)	57,058
Increase in operating creditors and accruals	87,542	528,061
Decrease in other provisions	-	(1,363,845)
	<u> </u>	<u> </u>
Net cash inflow from operating activities	5,058,080	2,683,008
	<u> </u>	<u> </u>

4. INTEREST PAYABLE

	1998	1997
	£	£
Bank overdraft and other interest	506	490
	<u> </u>	<u> </u>

5. TAXATION

	1998	1997
	£	£
Tax on profit on ordinary activities		
The taxation charge at 31% (1997: 33%) based on the profit for the year is made up as follows:-		
Corporation tax	1,768,348	1,499,767
Corporation tax (over) provided in previous years	(246)	(5,483)
Deferred tax	(97,030)	-
	<u> </u>	<u> </u>
	1,671,072	1,494,284
	<u> </u>	<u> </u>

The tax charge for the year has been increased by £107,953 (1997: £64,578) in respect of permanent timing differences.

JENNERS PRINCES STREET EDINBURGH LIMITED

NOTES TO THE ACCOUNTS AT 31 JANUARY 1998 (continued)

6. DIVIDENDS

	1998 £	1997 £
10% Cumulative Preference Shares	142,240	142,240
Ordinary Shares		
Interim dividend of 66p (60p) per share	554,400	504,000
Proposed final dividend of 50p (40p) per share	420,000	336,000
	<u>974,400</u>	<u>840,000</u>
	<u>1,116,640</u>	<u>982,240</u>

7. TANGIBLE FIXED ASSETS

Group and Company

	Heritable land and buildings £	Fittings furnishings, plant and vehicles £	Total £
Cost:			
At 31 January 1997	5,901,087	13,520,794	19,421,881
Additions	135,726	686,428	822,154
Disposals	-	(74,098)	(74,098)
At 31 January 1998	<u>6,036,813</u>	<u>14,133,124</u>	<u>20,169,937</u>
Depreciation:			
At 31 January 1997	1,869,669	11,507,300	13,376,969
Charge for the year	89,994	675,767	765,761
Disposals	-	(50,453)	(50,453)
At 31 January 1998	<u>1,959,663</u>	<u>12,132,614</u>	<u>14,092,277</u>
Net book value:			
At 31 January 1998	<u>4,077,150</u>	<u>2,000,510</u>	<u>6,077,660</u>
At 31 January 1997	<u>4,031,418</u>	<u>2,013,494</u>	<u>6,044,912</u>

8. INVESTMENT IN SUBSIDIARY UNDERTAKING

Kennington Leasing Limited is a wholly owned subsidiary. The activities of the subsidiary during the year were not material to the group. The investment is stated at cost.

JENNERS PRINCES STREET EDINBURGH LIMITED

NOTES TO THE ACCOUNTS AT 31 JANUARY 1998 (continued)

9. DEBTORS

	1998		1997	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	£	£	£	£
Trade debtors	3,081,834	3,033,776	2,778,634	2,778,634
Other debtors	78,730	78,730	74,533	74,533
Prepayments and accrued income	295,657	295,657	188,595	188,595
Deferred tax (see note 12)	202,030	202,030	84,000	84,000
	<u>3,658,251</u>	<u>3,610,193</u>	<u>3,125,762</u>	<u>3,125,762</u>

10. NOTE TO STATEMENT OF CASH FLOWS

	<i>At 1 February</i>	<i>Cash</i>	<i>At 31 January</i>
	<i>1997</i>	<i>flow</i>	<i>1998</i>
	£	£	£
Cash at bank and in hand	2,269,814	250,498	2,520,312
Short term deposits	8,000,000	2,000,000	10,000,000
	<u>10,269,814</u>	<u>2,250,498</u>	<u>12,520,312</u>

Short term deposits are included within cash and bank in the balance sheet.

11. CREDITORS: amounts falling due within one year

	1998		1997	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	£	£	£	£
Trade creditors	1,954,486	1,934,686	1,992,992	1,992,992
Amount due to subsidiary undertaking	-	196,292	-	223,691
Current corporation tax	1,614,372	1,614,372	1,334,228	1,334,228
Other taxes & social security costs	1,618,021	1,618,021	1,280,093	1,280,093
Accruals	852,451	852,451	1,064,331	1,064,331
Proposed dividend	420,000	420,000	336,000	336,000
	<u>6,459,330</u>	<u>6,635,822</u>	<u>6,007,644</u>	<u>6,231,335</u>

JENNERS PRINCES STREET EDINBURGH LIMITED

NOTES TO THE ACCOUNTS AT 31 JANUARY 1998 (continued)

12. DEFERRED TAXATION

Deferred taxation provided in the accounts is as follows:-

	1998		1997	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	£	£	£	£
Capital allowances	-	-	105,683	105,683
Other timing differences	(97,030)	(97,030)	(105,683)	(105,683)
Advance corporation tax	(105,000)	(105,000)	(84,000)	(84,000)
	<u>(202,030)</u>	<u>(202,030)</u>	<u>(84,000)</u>	<u>(84,000)</u>

13. CALLED UP SHARE CAPITAL

	1998		1997	
	<i>Authorised</i>	<i>Allotted, called up and fully paid</i>	<i>Authorised</i>	<i>Allotted, called up and fully paid</i>
	£	£	£	£
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.

14. REVENUE RESERVES

	<i>Group</i>	<i>Company</i>
	£	£
At 31 January 1997	17,964,629	17,747,938
Retained profit for year	1,909,472	1,908,613
At 31 January 1998	<u>19,874,101</u>	<u>19,656,551</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998	1997
	£	£
Profit attributable to members of the parent company	3,026,112	2,591,652
Dividends	(1,116,640)	(982,240)
Net addition to shareholders' funds	<u>1,909,472</u>	<u>1,609,412</u>
Opening shareholders' funds	20,248,607	18,639,195
Closing shareholders' funds	<u>22,158,079</u>	<u>20,248,607</u>

JENNERS PRINCES STREET EDINBURGH LIMITED

NOTES TO THE ACCOUNTS AT 31 JANUARY 1998 (continued)

16. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the accounts amounted to £55,000 for the Group and Company (1997: £85,000).

17. DIRECTORS' EMOLUMENTS AND STAFF COSTS

	1998 £	1997 £
Directors' emoluments:		
Total emoluments	363,596	436,831

Defined benefit contributory pension scheme:

The number of directors at the year end eligible for the pension scheme was as follows:

4 4

Highest Paid Director

	£	£
Total emoluments	137,580	126,958

Amounts accruing to the highest paid director at 31 January 1998 under the defined benefit contributory pension scheme were:

	£
- accrued pension benefit at 31 January 1998	74,760

(b) Staff costs:

	1998 £	1997 £
Wages and salaries	6,658,236	6,335,140
Social security costs	391,911	373,373
Other pension costs	402,297	352,151
	7,452,444	7,060,664

The average number of employees (including part-time & seasonal temporary employees) employed in the Group during the year was 778 (1997: 767).

18. 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 1996 using the following main assumptions;

Rate of interest	8% per annum
Rate of salary increases	7% per annum
Rate of increase in pensions in payment	4% per annum
Rate of dividend growth	3% per annum

The market value of the scheme's assets at that date amounted to £10,511,612 and the actuarial value was sufficient to cover 117% of the benefits that had accrued to members after allowing for the effect of future increases in earnings.

JENNERS PRINCES STREET EDINBURGH LIMITED

NOTES TO THE ACCOUNTS AT 31 JANUARY 1998 (continued)

19. OTHER FINANCIAL COMMITMENTS

At 31 January 1998 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land & buildings</i>
	<i>1998</i>
	<i>1997</i>
	<i>£</i>
	<i>£</i>
Operating leases which expire:	
Within one year	45,000
	-