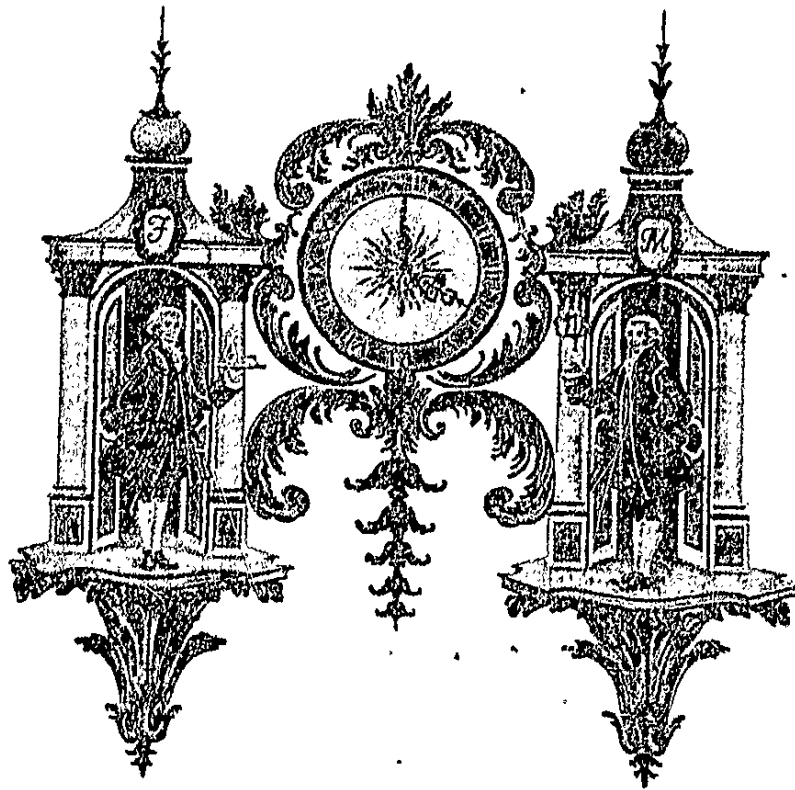




BY APPOINTMENT
TO HER MAJESTY QUEEN ELIZABETH II
GROCERS & PROVISION MERCHANTS
FORTNUM & MASON LTD. LONDON

FORTNUM & MASON LTD



REPORT AND ACCOUNTS 1975

FORTNUM & MASON LTD.

Contents

- 2 Notice of annual general meeting.
- 3 Directors.
- 4 Chairman's statement.
- 5 Report of the directors.
- 6 Statement of directors' interests.
- 7 Profit and loss account.
- 8 Balance sheet.
- 9 Notes forming part of the accounts.
- 12 Report of the auditors.

FORTNUM & MASON LTD.

Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the SEVENTIETH ANNUAL GENERAL MEETING of the company will be held at THE MAY FAIR HOTEL, BERKELEY STREET, LONDON, W.1, on Monday 16th JUNE, 1975 at 12.30 p.m. for the following purposes:—

- 1 To consider the directors' report and statement of accounts for the year ended 25th January, 1975.
- 2 To approve the proposed final dividend.
- 3 To elect a director.
- 4 To authorise the directors to fix the remuneration of the auditors.

By order of the board,
N. H. WHITE
Secretary.

23rd May, 1975

Registered Office—
181 Piccadilly,
London, W1A 1ER.

NOTE: A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. The person appointed need not be a member of the company.

This notice is sent to preference stockholders for information only.

Preference stock and ordinary stock dividend warrants will be posted on 27th June, 1975.

FORTNUM & MASON LTD.

Directors

Chairman

W. Garfield Weston

Vice-Chairman

W. G. Galen Weston

Directors

Garry H. Weston

Pamela E. Cooper

H. W. Bailey

W. A. Tweddle

G. S. Hamilton

J. Newton

Secretary

N. H. White

181 Piccadilly, London, W1A 1ER.

Registrar and Transfer Office

H. J. W. Casey

17 Camden Road, London, NW1 9LJ.

Auditors

Price Waterhouse & Co.

Chartered accountants,

3 Frederick's Place, Old Jewry, London, EC2R 8DB.

Bankers

Bank of Scotland

Haymarket branch,

57/60 Haymarket,

London, SW1Y 4QY.

FORTNUM & MASON LTD.

Chairman's statement

The past year has been one of considerable difficulty in many aspects of our operations. In the light of these various problems I am pleased to be able to report profits in excess of last year.

Profit before taxation increased by £37,498 to £510,790 for the year, compared to £473,292 for the previous year. After charging taxation of £276,724, including £192,978 dealt with as a charge from a fellow subsidiary in respect of group taxation relief, the profit after taxation amounted to £234,066.

In view of the increase in profits it is proposed to increase the final dividend to 15.5p per £1 stock. This gives a total dividend for the year of 19p per £1 stock compared with 17.6p per £1 stock in the previous year. Dividends on the preference stock and the interim dividend on the ordinary stock were paid on the due dates.

The commencement of our year coincided with the period following the three-day working week and consumer demand remained below the level of the previous year.

The declining international economic outlook particularly affecting the major industrial countries of North America, Europe and Japan resulted in a conspicuous decline in both the numbers and spending power of overseas tourists visiting London, a sector which has always provided a major element of our summer trade, and apart from brief pre-Budget spending bursts demand remained flat throughout the financial year. At the same time costs continued to rise at an increasing rate and although economies have been made throughout the store it has been impossible to avoid entirely the effect of cost increases in virtually every area of our operations.

In spite of the market situation throughout the year we have refused to economise on the item which we regard as part of our stock in trade, namely the maintenance and continuing improvement of the store. Our strong liquid position carefully built up over the years will enable us to ride out the trough caused by the severe economic conditions now being experienced in many countries; at the same time we shall continue with our long-term programme of asset modernisation and improvement which will enable us to reap the benefit of the anticipated upturn in consumer demand as the international economic outlook begins to improve.

During the year the mezzanine floor has been completely refurnished and the Mezzanine Restaurant now occupies almost the whole of the floor and, overlooking as it does our world famous ground floor, is now one of the most fascinating eating places in London. This re-development has allowed us to create, on part of the site of the previous Patio Bar, the new Mezzanine Buttery, providing a delightfully restful and intimate dining room in contrast to the open aspect of the Mezzanine Restaurant. The alterations to the mezzanine floor were achieved partly by moving the confectionery department to the first floor and this move has been a very successful one both for the department and for the store. The sales of the department have not been affected by the move and its presence has brought additional customer flow on to the first floor. In addition to these alterations our provisions department has been re-designed to allow better operational efficiency and improved customer service.

Service to the customer must always be one of the foundations upon which the success of Fortnum and Mason is built and this can only be achieved by the efforts of all our staff. One of the reasons why Fortnum and Mason remains unique is the quality and loyalty of that staff and in trading conditions such as those recently experienced it is these qualities which have enabled us to continue improving all aspects of our store and its wonderful reputation and to face the future with even greater confidence.

W. GARFIELD WESTON

FORTNUM & MASON LTD.

Report of the directors

The directors submit to the members their seventieth annual report together with the accounts of the company for the year ended 25th January, 1975.

Profit and dividends

The profit and loss account on page 7 shows the profit for the year ended 25th January, 1975. The balance available to shareholders amounted to £234,066 (1974—£218,040). A final dividend of 15.5% net on the ordinary stock is proposed (1974—14.1%).

Principal activities

The company continued its activities as a department store during the year under review.

The subsidiary company did not trade.

Fixed assets

After charging depreciation of £50,005 the total of net fixed assets has decreased by £14,396 to £670,089.

The directors consider the present value of the leasehold property is considerably in excess of the net book amount and they estimate the present day value to be not less than £2,000,000.

Employees

The average number of employees per week amounted to 483 and the total emoluments for the year amounted to £838,000 (1974—£773,027).

Charitable donations and political contributions

Charitable donations for the year amounted to £5,120 (1974—£5,132).

There were no contributions to any political organisations during the year (1974—nil).

Directors

Mr. W. Garfield Weston retires by rotation and, being eligible, offers himself for re-election.

A list of the directors of the company is shown on page 3 and the schedule of their beneficial interests, including family interests, in the shares and debentures of the group is shown on page 6.

Exports

The value of goods exported from the United Kingdom during the period amounted to £516,379 (1974—£384,621).

Auditors

The auditors, Price Waterhouse & Co., will be re-appointed in accordance with the provisions of section 159 of the Companies Act, 1948.

By order of the board
N. H. White, Secretary.
23rd May, 1975

FORTNUM & MASON LTD.

Statement of directors' interests

The persons who were directors of the company at the end of the year had the following beneficial interests, including family interests, in the shares and debentures of the company, its holding companies and fellow subsidiary companies:

	Number of shares/units held	
	25th January, 1975	26th January, 1974
W. Garfield Weston		
George Weston Holdings Limited, ord. shares of 50p	7,000	7,000
Associated British Foods Limited, ord. shares of 5p	400,000	400,000
W. G. Galen Weston		
Wittington Investments Limited, ord. shares of 50p	37,953	37,953
George Weston Holdings Limited, ord. shares of 50p	12,498	12,498
Associated British Foods Limited, ord. shares of 5p	498,330	472,204
Garry H. Weston		
Wittington Investments Limited, ord. shares of 50p	18,748	18,748
George Weston Holdings Limited, ord. shares of 50p	1,515	1,515
Associated British Foods Limited, ord. shares of 5p	215,256	192,326
7½% convertible unsecured loan stock 1994/2004, £1 units	5,000	—
George Weston Foods Limited, ord. shares of A.50c	—	600,000
Pamela E. Cooper		
Associated British Foods Limited, ord. shares of 5p	120,400	120,400
5½% unsecured loan stock 1987/2002, 50p units	132	132
7½% unsecured loan stock 1987/2002, 50p units	467	467
Harold W. Bailey		
Associated British Foods Limited, ord. shares of 5p	30,050	30,050
William A. Tweddle		
Associated British Foods Limited, ord. shares of 5p	1,650	1,650

Notes

- 1 W. Garfield Weston is a joint trustee of trusts, in which he has no beneficial interest, and which held 173,990 ordinary shares of 5p (1974—2,080,240) and £108,750 7½% convertible unsecured loan stock 1994/2004 (1974—nil) in Associated British Foods Limited.
- 2 W. Garfield Weston, Garry H. Weston and W. G. Galen Weston are trustees of a trust, in which they have no beneficial interest, which held 280,541 ordinary shares of 50p (1974—280,541) in Wittington Investments Limited, 335,002 ordinary shares of 50p (1974—335,002) in George Weston Holdings Limited and £20,000 7½% convertible unsecured loan stock 1994/2004 (1974—£20,000) in Associated British Foods Limited.
- 3 Pamela E. Cooper and Harold W. Bailey are trustees of a trust, in which they have no beneficial interest, which held 1,325,000 ordinary shares of 5p (1974—1,325,000) in Associated British Foods Limited.
- 4 Harold W. Bailey and Garry H. Weston are trustees of a trust, in which they have no beneficial interest, which held £427,000 7½% convertible unsecured loan stock 1994/2004 (1974—nil) in Associated British Foods Limited.
- 5 Some of the shares held by Pamela E. Cooper and Harold W. Bailey are being acquired over a period of years under schemes of purchase.

FORTNUM & MASON LTD.

Profit and loss account

for the year ended 25th January, 1975

Profit earned

	Notes	52 weeks ended 25th January, 1975 £	52 weeks ended 26th January, 1974 £
Sales to customers	2	4,427,838	4,281,519
Trading profit	3	321,285	347,344
Interest receivable		189,505	125,948
Profit before taxation		510,790	473,292
Taxation	6	276,724	255,252
Profit after taxation		<u>£234,066</u>	<u>£218,040</u>

Application of profit

Dividends:

Preference of 4.9p per unit of stock (1974—4.9p per unit)

8,575 8,575

Interim ordinary of 3.5p per unit of stock (1974—3.5p per unit)

14,875 14,875

Proposed final ordinary of 15.5p per unit of stock (1974—14.1p per unit)

65,875 60,000

89,325 83,450

Retained profit

144,741 134,590

£234,066 £218,040

Earnings per share

5 53.1p 49.3p

FORTNUM & MASON LTD.

Balance sheet as at 25th January, 1975

	Notes	25th January, 1975 £	26th January, 1974 £
Fixed assets	8		
Leasehold property		626,972	636,552
Furniture, equipment and loose plant ...		43,117	47,933
		<u>670,089</u>	<u>684,485</u>
Investment in subsidiary	9	<u>100</u>	<u>100</u>
Assurance policy at surrender value ...		<u>67,754</u>	<u>64,909</u>
Current assets			
Stock		804,171	677,061
Debtors and prepayments		926,148	873,988
Amounts due from fellow subsidiaries ...		8,180	49,933
Balance at bank and cash in hand		1,438,253	1,359,968
		<u>3,176,752</u>	<u>2,960,950</u>
Deduct Current liabilities			
Creditors and accrued charges		639,834	613,028
Amounts due to holding company and fellow subsidiaries		221,351	229,044
Taxation	6	8,472	76,837
Accrued preference dividend		715	715
Proposed final ordinary dividend for year ...		65,875	60,000
		<u>936,247</u>	<u>979,624</u>
Net current assets		<u>2,240,505</u>	<u>1,981,326</u>
		<u>£2,978,448</u>	<u>£2,730,820</u>
Source of funds			
Issued share capital	10	600,000	600,000
Reserves	11	2,275,561	2,130,820
		<u>2,875,561</u>	<u>2,730,820</u>
Deferred taxation	7	102,887	—
		<u>£2,978,448</u>	<u>£2,730,820</u>

W. GARFIELD WESTON

W. G. GALEN WESTON

} Directors

FORTNUM & MASON LTD.

Notes forming part of the accounts

1 Accounting policies

The more important accounting policies used in the preparation of the accounts of the company are summarised below:

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is generally determined by reducing the selling price of stock by the appropriate trading margins. In arriving at the net realisable value a provision for obsolescent stock has been established which is adjusted annually based upon the directors' estimate.

Fixed assets

Fixed assets are stated at valuation or cost. Leasehold property is amortised over the life of the lease; depreciation on all other assets is provided on a straight line basis over the estimated useful lives. Certain assets used for display purposes are written off in the year of acquisition.

Expenditure for maintenance and repairs and for general renewals and improvement are charged to revenue at the time an order for such expenditure is placed; major renewals and improvements are capitalised.

Profits or losses from the disposal of fixed assets other than land and buildings are included in the profit and loss account.

2 Turnover

The turnover is the amount charged to customers for goods sold and services rendered.

3 Trading profit

The trading profit is stated after taking into account the following:

	1974/75 £	1973/74 £
Depreciation, after taking account of profit on sale of furniture, equipment and loose plant of £34,858 (1974—£16,467)	50,005	80,917
Management charge from holding company	15,000	15,000
Directors' emoluments:		
Fees	600	550
Management remuneration	2,997	4,028
Pension paid to former director	133	534
Ex gratia payment to former director	—	4,250
	<u>3,730</u>	<u>9,362</u>
Auditors' remuneration	5,000	4,500

FORTNUM & MASON LTD.

Notes continued

4 Directors' emoluments (excluding pension contributions)

(a) Scale of emoluments

						1974/75 Number of directors	1973/74 Number of directors
Nil — £2,500	...	...	...	...	...	7	8
£2,501 — £5,000	...	...	...	...	...	1	1
(b) Waived by directors							
Number of directors	...	...	...	...	...	2	2
Amount waived	...	...	...	...	...	£200	£200
Emoluments of:							
Chairman	...	...	...	...	...	nil	nil
Highest paid director	...	...	...	...	...	£3,097	£3,820

5 Earnings per share

The calculation of earnings per share is based on earnings of £225,491 (1974—£209,465) and 425,000 ordinary stock units in issue throughout the two years ended 25th January, 1975.

6 Taxation

Taxation at an effective rate of 52% (1974—50%) is based on profits for the year and the charge in the profit and loss account is made up as follows:

	1974/75 £	1973/74 £
Corporation tax	—	58,095
Charge from fellow subsidiary in respect of group		
taxation relief arising from losses of that company	228,006	191,325
Advance corporation tax irrecoverable	2,471	5,832
Deferred taxation	35,939	—
Prior year adjustments (inc. £5,858 ACT irrecoverable).	10,308	—
	<u>£276,724</u>	<u>£255,252</u>
Taxation included in current liabilities comprises:		
Corporation tax payable 1st January, 1976	—	29,183
Other taxation	8,472	47,654
	<u>£8,472</u>	<u>£76,837</u>

The company comes within the close company provisions of the Finance Act, 1965.

7 Deferred taxation

Deferred taxation represents relief from U.K. Corporation tax of £35,939 in 1974/75 and £66,948 in 1973/74 arising from the increase in stock values in these years.

FORTNUM & MASON LTD.

20

Notes continued

8 Fixed assets

					Leasehold property £	Furniture, equipment and loose plant £	Total £
Cost or valuation							
Balance at 26th January, 1974	...	...	...	...	778,321	604,020	1,382,341
Additions	...	...	...	...	—	70,467	70,467
Disposals	...	...	...	...	—	(43,993)	(43,993)
Balance at 25th January, 1975	...	...	...	...	<u>£778,321</u>	<u>£630,494</u>	<u>£1,408,815</u>
Representing							
cost ...	...	...	...	...	54,821	630,494	685,315
valuation - 1956	...	...	...	...	723,500	—	723,500
					<u>£778,321</u>	<u>£630,494</u>	<u>£1,408,815</u>
Depreciation							
Balance at 26th January, 1974	...	...	...	...	141,769	556,087	697,856
Provided during year...	...	...	...	...	9,580	40,425	50,005
Disposals	...	...	...	...	—	(9,135)	(9,135)
Balance at 25th January, 1975	...	...	...	...	<u>£151,349</u>	<u>£587,377</u>	<u>£738,726</u>
Net book value							
26th January, 1974	...	...	...	...	<u>£636,552</u>	<u>£47,933</u>	<u>£684,485</u>
25th January, 1975	...	...	...	...	<u>£626,972</u>	<u>£43,117</u>	<u>£670,089</u>

The lease on the property expires in March 2024.

At 25th January, 1975 there were no commitments for capital expenditure (1974 —nil).

9 Ultimate holding company and investment in subsidiary

Wittington Investments Limited, incorporated in England, is the ultimate holding company of Fortnum & Mason Ltd.

The investment in the wholly-owned subsidiary, Cadbury Pratt (1951) Limited, incorporated in England, consists of 100 shares of £1 each, represented by a balance at bank of £100 in the accounts of the subsidiary; the subsidiary did not trade during the year.

FORTNUM & MASON LTD.

Notes continued

10 Share capital

	1974/75 £	1973/74 £
CAPITAL AUTHORISED		
7% cumulative preference stock units of £1 each	175,000	175,000
Ordinary stock units of £1 each	425,000	425,000
Ordinary shares of £1 each	150,000	150,000
	<u>£750,000</u>	<u>£750,000</u>
CAPITAL ISSUED		
7% cumulative preference stock units of £1 each	175,000	175,000
Ordinary stock units of £1 each	425,000	425,000
	<u>£600,000</u>	<u>£600,000</u>

11 Reserves

Previous balance	2,130,820	1,996,230
From profit of the year	144,741	134,590
	<u>£2,275,561</u>	<u>£2,130,820</u>

Report of the auditors

To the members of Fortnum & Mason Ltd.

In our opinion the accounts and notes on pages 7 to 12 give a true and fair view of the state of the company's affairs at 25th January, 1975 and of its profit for the year then ended and comply with the Companies Acts 1948 and 1967.

3 Frederick's Place, Old Jewry,
London, EC2R 8DB.
23rd May, 1975

Price Waterhouse & Co.
Chartered accountants.