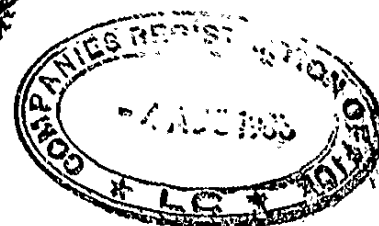
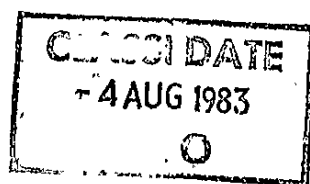
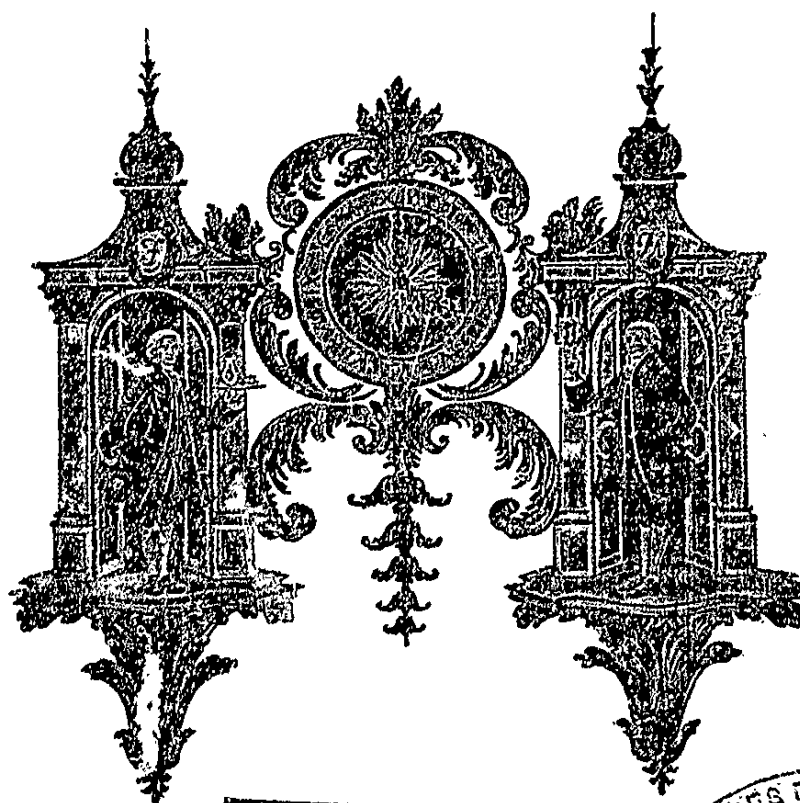


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BY APPOINTMENT
TO HER MAJESTY QUEEN ELIZABETH II
GROCERS & PROVISION MERCHANTS
FORTNUM & MASON PLC, LONDON

FORTNUM & MASON PLC



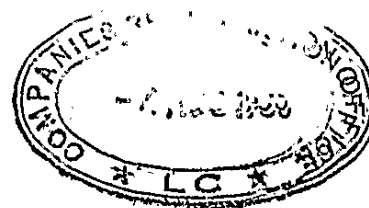
REPORT AND ACCOUNTS 1983

FORTNUM & MASON PLC

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FORTNUM & MASON PLC

Directors and professional advisers

Chairman

Garry H Weston

Vice-Chairman

W G Galen Weston

Directors

Mrs C H W Dalglish

J G Lithiby

F W Lockyer

Mrs M D W Rebanks

Secretary and registered office

F W Lockyer FCA ATII

181 Piccadilly

London W1A 1ER

Auditors

Price Waterhouse

Southwark Towers

32 London Bridge Street

London SE1 9SY

Solicitors

A Kramer & Co

40 Portland Place

London W1N 4BA

Bankers

Bank of Scotland

Haymarket branch

57/60 Haymarket

London SW1Y 4QY

Registrar and transfer office

Lloyds Bank PLC

Registrar's department

The Causeway

Goring-by-Sea

Worthing

West Sussex BN12 6DA

FORTNUM & MASON PLC

Notice of annual general meeting

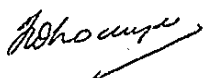
Notice is hereby given that the seventy-eighth annual general meeting of the company will be held at the Bowater Conference Centre, Bowater House, 68 Knightsbridge, London, SW1X 7LR on Monday 13th June 1983 at 10.30 am for the following purposes:—

- 1 To receive and adopt the accounts for the year ended 29th January 1983 together with the reports of the directors and auditors thereon.
- 2 To declare a final dividend on the ordinary stock of the company.
- 3 To re-appoint directors retiring under the articles of association.
- 4 To re-appoint Price Waterhouse as auditors of the company and to authorise the directors to fix their remuneration.

By order of the board

F W Lockyer

Secretary



19th May 1983

Registered office

181 Piccadilly

London W1A 1ER

NOTES:

1. 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. Forms of proxy, if used, must be lodged at the registered office at least 48 hours before the meeting.
 2. This notice is sent to preference stockholders for information only.
 3. Preference stock and ordinary stock dividend warrants will be posted on 28th June 1983.
-

FORTNUM & MASON PLC

Chairman's statement

TRADING RESULTS

The first half of the year produced an unprecedented downturn in trading conditions brought about by a combination of severe winter weather, protracted industrial action on the railways and terrorist bombing activities. The impact on sales and profit was severe and at the half-way stage the company produced a trading loss of £425,000. This was a particularly disappointing outcome following the heavy investment in store refurbishment and improvement in management controls.

Whilst the usual pattern of trading means that the second half of the year produces the major contribution to profit, it is gratifying to report that on this occasion the marked improvement in trading was substantially ahead of budget. Sales in this period increased by £850,000, or some 17 per cent, and the additional profit generated reduced the loss for the year at the trading level from £425,000 to £65,000. This enabled the company to record a marginal improvement on the previous year's trading activities.

This increase in the second half year trading profit of £135,000, a 60 per cent increase on the comparable period is a welcome sign that the concerted management efforts and major financial investment to improve store decor, product range and display have met with general customer approval. The increase in sales is particularly noteworthy when viewed against the background of falling inflation.

MANAGEMENT

One of the encouraging features of the trading performance was the success of the company in further tightening cost and management controls throughout the year. The installation of computerised accounting was completed and this has enabled a much more efficient stock and credit control system to be put into effect.

As part of the effort to improve the use of resources and reduce costs, studies have been undertaken into the company's delivery system and into energy conservation. It is expected that further reductions in costs can be achieved in the current year as a result of these studies.

Staff training and development is being given increased priority and additional technical training courses are being provided to raise further the level of standard in the catering departments.

STORE DEVELOPMENT

The completion of the ground floor refurbishment in March, 1982, enabled the company to concentrate on improving merchandising techniques and product display in the food department. The new style of fixturing, particularly in the grocery, tea and coffee and wines and spirits departments, has improved the customer's freedom in self-selection of product whilst still retaining the essential element of personal service. The success of this formula meant that sales in the grocery department increased by 20 per cent over the previous year.

Following the completion of the ground floor refurbishment, the lower ground floor was totally redecorated and re-equipped with new lighting. The renewal of certain fixtures and display cases and new shelving enhanced the presentation of our precious jewellery and china and glass and cookwear departments. Here again the results have more than justified the expenditures and in aggregate the sales of the lower ground floor showed an increase in excess of 20 per cent on the previous year.

The keynote of the year was the celebration of the 275th anniversary of the founding of the store. There was a high level of public interest in the event which was well publicised in the press and on television and radio.

The occasion was marked by the publication of a special 275th anniversary catalogue which was backed by an enlarged range of products and hampers. The increased catalogue size and distribution and the greater public awareness contributed to very substantially increased hamper sales. It is our policy to build on the success of our hamper trade and to develop sales of this department throughout the year appropriate to the season or particular event.

FORTNUM & MASON PLC

Chairman's statement continued

Although progress was achieved in developing the company's export trade, the level of sales increase was disappointing. In the last two years however much has been done to improve the professionalism of the overseas distribution and to introduce a more appropriate range of products, concentrating on the brand strength of Fortnum & Mason, particularly on the excellent range of teas and preserves.

FUTURE PROSPECTS

At the time of writing the last annual report for Fortnum & Mason I expressed my optimism for the future and looked forward to an improvement in the level of trading performance. At the interim stage, six months later, it was necessary to express concern about the level of trade and to doubt our ability to match the trading performance of the previous year. In the event we have been able to improve marginally on the previous year in trading terms.

Given the volatility of the retail trade, it is therefore extremely difficult to forecast with confidence the outcome for the current year. I can say however that up to the present time our sales improvement has been maintained and that we are on budget for improved trading results.

APPRECIATION

The level of service to our customers is one of the foundations of the Fortnum & Mason reputation. This involves not only our staff on the sales floor but all behind the scenes who contribute to the smooth running of the store.

On behalf of the Board I thank all our employees who have contributed to maintaining the excellence of that reputation.

GARRY H WESTON

FORTNUM & MASON PLC

Report of the directors

The directors submit their seventy-eighth annual report together with the accounts of the company for the year ended 29th January 1983.

Profit and dividends

The profit and loss account on page 8 shows the profit for the year ended 29th January 1983. The balance available to shareholders amounted to £197,000 (1982—£448,000). A final dividend of 19.72p net on the ordinary stock is proposed (1982—19.72p).

Principal activities

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

Directors

No changes in directorships have taken place since 27th May 1982, the date of the last annual report.

Messrs J G Lithiby and F W Lockyer retire by rotation and being eligible offer themselves for re-election.

A list of the present directors of the company is shown on page 2 and the schedule of their beneficial interests, including family interests, in the shares and debentures of the group is shown on page 15.

Employees

The average number of employees per week amounted to 397 (1982—408) and the aggregate remuneration for the year amounted to £1,794,948 (1982—£1,755,982).

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who is fortunate enough not to suffer from a disability.

Charitable donations and political contributions

Charitable donations for the year amounted to £304 (1982—£85). There were no contributions to any political organisation during the year (1982—nil).

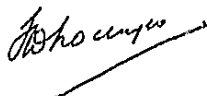
Auditors

The auditors, Price Waterhouse, have indicated their willingness to be re-appointed.

By order of the board

F W Lockyer Secretary

19th May 1983



FORTNUM & MASON PLC

Auditors' report

To the members of Fortnum & Mason PLC

We have audited the accounts on pages 8 to 14 and 16 to 18 in accordance with approved Auditing Standards.

In our opinion:

the accounts on pages 8 to 14, which have been prepared under the historical cost convention as modified by the valuation of leasehold property, give under that convention a true and fair view of the state of the company's affairs at 29th January 1983 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981, and

the supplementary current cost accounts on pages 16 to 18 have been properly prepared in accordance with the policies and methods described in the notes, to give the information required by Statement of Standard Accounting Practice No. 16.

Southwark Towers
32 London Bridge Street
London SE1 9SY
19th May 1983

Price Waterhouse

Price Waterhouse
Chartered Accountants

FORTNUM & MASON PLC

Profit and loss account

for the year ended 29th January 1983

	Notes	1983 £'000	1982 £'000
Turnover	2	9,535	8,588
Trading loss	3	(65)	(81)
Interest receivable	9	254	350
Profit before taxation		189	269
Taxation recoverable	5	8	179
Profit after taxation		197	448
Dividends			
Preference of 4.9p per unit of stock (1982 — 4.9p per unit)		8	8
Interim ordinary of 3.5p per unit of stock (1982—3.5p per unit)		15	15
Proposed final ordinary of 19.72p per unit of stock (1982—19.72p per unit)		84	84
		107	107
Retained profit transferred to reserves	12	90	341
Earnings per share	6	44.18p	103.68p

The notes on pages 11 to 14 form an integral part of these accounts.

FORTNUM & MASON PLC

Balance sheet as at 29th January 1983

	Notes	1983 £'000	1982 £'000
Fixed assets	8	<u>1,706</u>	<u>1,567</u>
Interests in subsidiaries	7	<u>2</u>	<u>2</u>
Current assets			
Stock		1,517	1,194
Debtors and prepayments		1,432	1,051
Taxation		51	41
Amounts due from immediate holding company and fellow subsidiaries		54	195
Bank balances and cash	9	<u>1,960</u>	<u>2,410</u>
		<u>5,014</u>	<u>4,891</u>
Current liabilities			
Creditors and accrued charges		1,351	1,334
Amounts due to fellow subsidiaries		192	37
Dividends payable	10	84	84
		<u>1,627</u>	<u>1,455</u>
Net current assets		<u>3,387</u>	<u>3,436</u>
		<u>5,095</u>	<u>5,005</u>
Represented by			
Share capital	11	600	600
Reserves	12	<u>4,495</u>	<u>4,405</u>
		<u>5,095</u>	<u>5,005</u>

Garry H Weston
F W Lockyer

GARRY H WESTON

Chairman

F W LOCKYER

Director

19th May 1983

The notes on pages 11 to 14 form an integral part of these accounts.

FORTNUM & MASON PLC

Source and application of funds

for the year ended 29th January 1983

	1983 £'000	1982 £'000
Source of funds		
Profit before taxation	189	269
Add depreciation	165	89
proceeds of disposal of assets	2	18
taxation recoverable	8	179
	<u>364</u>	<u>555</u>
Application of funds		
Dividends paid	107	107
Capital expenditure including capital refurbishment costs	306	649
	<u>413</u>	<u>756</u>
	<u>(49)</u>	<u>(201)</u>
Changes in working capital		
Increase/(decrease) in stock	323	(85)
Increase/(decrease) in debtors	391	(118)
(Increase) in creditors	(17)	(263)
Net (decrease) in amounts due from immediate holding company and fellow subsidiaries	(296)	(18)
	<u>401</u>	<u>(484)</u>
Movement in net liquid funds		
(Decrease)/increase in cash balances	(450)	283
	<u>(49)</u>	<u>(201)</u>

FORTNUM & MASON PLC

Notes to the accounts

1 Accounts

The accounts have been prepared under the historical cost convention, as modified by the valuation of the leasehold property, and in compliance with Section 149A of, and Schedule 8A to, the Companies Act 1948.

2 Accounting policies

(i) Turnover

Turnover represents amounts charged to customers for goods sold and services rendered, less returns and net of value added tax.

(ii) Fixed assets

Depreciation is provided by the company so as to write off the cost or valuation of certain fixed assets, excluding works of art, over their estimated useful lives by equal annual instalments as follows:

Short leasehold property — over remaining period of lease

Fixtures and equipment — over 5 or 10 years

Works of art are not depreciated and are included at cost.

(iii) Stocks

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

(iv) Deferred taxation

No provision is made for taxation on timing differences arising from the excess of capital allowances over depreciation as such taxation is not expected to become payable in the foreseeable future.

3 Trading loss

	1983	1982
	£'000	£'000
The trading loss is stated after charging		
Depreciation	165	89
Refurbishment costs	87	136
Hire of vehicles	73	84
Auditors' remuneration	20	19
Directors' fees(note 4)	2	1
Management charges from immediate holding company and a fellow subsidiary company	98	78

FORTNUM & MASON PLC

Notes continued

4 Directors' emoluments

(i) Emoluments of	1983	1982
Chairman	£ 100	£100
Highest paid director	£1000	£615

(ii) The other 4 (1982-4) directors received emoluments (excluding pension contributions) in the range £Nil—£5,000 (1982 £Nil—£5,000)

Certain employees of the company are remunerated by the immediate holding company which raises a management charge.

5 Taxation

Taxation at the rate of 52% is based on the results for the year.
Tax recoverable arises as follows:-

	1983 £'000	1982 £'000
Group relief receivable	19	189
Advance corporation tax	(10)	(10)
Prior year items	(1)	—
	<u>8</u>	<u>179</u>

The taxation charge for the year has been reduced by £93,000 (1982—£469,000) in respect of accelerated capital allowances and stock relief of £32,000 (1982—£60,000). Taxation deferred by capital allowances not provided for at 29th January 1983 amounted to £696,000 (1982—£603,000). Unutilised advanced corporation tax available for offset against future corporation tax liabilities amounts to £25,000 (1982—£15,000).

6 Earnings per share

The calculation of earnings per share is based on earnings of £187,766 (1982—£440,658) and 425,000 ordinary stock units in issue.

7 Subsidiaries

The Company owns the entire issued share capital of the following companies which are shown at cost:-

Fortnum & Mason (Export) Limited, incorporated in Great Britain.

Fortnum & Mason (London) Limited, incorporated in Great Britain.

Fortnum & Mason of London Limited, incorporated in Canada.

Fortnum & Mason (Pty) Limited, incorporated in Australia.

None of the companies has traded during the year and the directors are of the opinion that in view of the insignificant amounts involved there would be no real value in the presentation of group accounts.

FORTNUM & MASON PLC

Notes continued

8 Fixed assets

	Short leasehold property £'000	Fixtures and equipment £'000	Works of art £'000	Total £'000
Cost or valuation				
Balance at 30th January 1982	917	1,133	197	2,247
Additions	154	152	—	306
Disposals	(22)	(53)	—	(75)
Balance at 29th January 1983	<u>1,049</u>	<u>1,232</u>	<u>197</u>	<u>2,478</u>
Representing				
Cost	325	1,232	197	1,754
Valuation — 1956	724	—	—	724
	<u>1,049</u>	<u>1,232</u>	<u>197</u>	<u>2,478</u>
Depreciation				
Balance at 30th January 1982	234	446	—	680
Charge for the year	20	145	—	165
Disposals	(22)	(51)	—	(73)
Balance at 29th January 1983	<u>232</u>	<u>540</u>	<u>—</u>	<u>772</u>
Net book amount				
29th January 1983	<u>817</u>	<u>692</u>	<u>197</u>	<u>1,706</u>
30th January 1982	<u>683</u>	<u>687</u>	<u>197</u>	<u>1,567</u>

The company has an option, which expires on 23rd June 1991 to acquire from its immediate holding company, George Weston Holdings Ltd., the long leasehold interest of the Piccadilly premises for £1,750,000.

The company's leasehold interest in the Piccadilly premises was valued by J. Trevor and Sons, Valuers, at 24th October 1980. They reported that the open market value of the company's leasehold interest with full vacant possession and assuming its use restricted to a department store in single occupation was £5,000,000. This estimated open market value has been incorporated in the current cost accounts shown on pages 16 to 18.

Authorised future capital expenditure amounted to £140,000 (1982—£315,000) of which contracts have been placed for £64,000 (1982—£315,000).

FORTNUM & MASON PLC

Notes continued

9 Bank and cash balances/loan to immediate holding company

Cash, surplus to the operating requirements of the business, is loaned from time to time to the immediate holding company; such loans are at arms length rates of interest which also relate to National Westminster Bank PLC base rates.

10 Dividends payable

	1983	1982
Preference dividend	715	715
Proposed final dividend on ordinary stock	83,810	83,810
	<u>£84,525</u>	<u>£84,525</u>

11 Share capital

	£'000
AUTHORISED	
4.9% cumulative preference stock units of £1 each	175
Ordinary stock units of £1 each	425
Ordinary shares of £1 each	150
	<u>750</u>
ISSUED AND FULLY PAID	
4.9% cumulative preference stock units of £1 each	175
Ordinary stock units of £1 each	425
	<u>600</u>

12 Reserves

Balance at 30th January 1982	4,405
Retained profit for the year	90
	<u>4,495</u>

Of the reserves at 29th January 1983, £118,717 relates to the share premium account and a further £505,207 relates to the surplus on revaluation of leasehold property.

13 Ultimate holding company

The ultimate holding company of Fortnum & Mason PLC is Wittington Investments Limited which is incorporated in England. The immediate holding company of Fortnum & Mason PLC is George Weston Holdings Limited which, at 22nd April 1983 held 365,701 ordinary stock units representing in aggregate 86% of the total issued ordinary share capital of the company. So far as is known no other person holds or is beneficially interested in more than 5% of the ordinary share capital.

Garry H Weston has an interest, as defined in section 28 of the Companies Act 1967, in Wittington Investments Limited which is a controlling interest.

Fortnum & Mason PLC is a close company as defined in the Corporation Taxes Act 1970.

FORTNUM & MASON PLC

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 loan stock of the company, its holding companies and fellow subsidiary companies:-

	29th January 1983	30th January 1982
Garry H Weston		
Wittington Investments Limited, ord. shares of 50p	16,994	16,994
George Weston Holdings Limited, ord. shares of 50p	1,535	1,535
Associated British Foods PLC, ord. shares of 5p	395,657	395,657
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 PLC, ord. shares of 5p	504,230	504,230
Mrs C H W Dalglish		
Wittington Investments Limited, ord. shares of 50p	15,300	15,300
George Weston Holdings Limited, ord. shares of 50p	6,228	6,228
Associated British Foods PLC, ord. shares of 5p	262,321	262,321
Fortnum & Mason PLC, ord. stock units of £1	100	100
J G Lithiby		
Fortnum & Mason PLC, ord. stock units of £1	500	500
Mrs M D W Rebanks		
Wittington Investments Limited, ord. shares of 50p	15,500	15,500
George Weston Holdings Limited, ord. shares of 50p	6,662	6,662
Associated British Foods PLC, ord. shares of 5p	167,046	167,046
Fortnum & Mason PLC, ord. stock units of £1	100	100

Notes

1 Garry H Weston and W G Galen Weston are trustees of a trust, in which they have no beneficial interest, which at 29th January 1983 held 448,775 ordinary shares of 50p (1982—448,775) in Wittington Investments Limited, and 198,008 ordinary shares of 50p (1982—198,008) in George Weston Holdings Limited.

2 Garry H Weston is a trustee of a trust in which he has no beneficial interest, which at 29th January 1983 held 1,000,000 ordinary shares of 5p (1982—1,000,000) in Associated British Foods PLC.

3 Mrs C H W Dalglish, J G Lithiby, F W Lockyer, Mrs M D W Rebanks and W G Galen Weston each held 500 ordinary stock units and Garry H Weston held 1,000 ordinary stock units of £1 each in Fortnum & Mason PLC at 29th January 1983 in which they have no beneficial interest.

4 Since the end of the financial year Garry H Weston has transferred his beneficial interests in 11,994 ordinary shares of 50p each in Wittington Investments Limited and 89,712 ordinary shares of 5p each in Associated British Foods PLC, and has acquired a beneficial interest in 774 ordinary shares of 50p each in George Weston Holdings Limited. There have been no other changes in the above holdings between 29th January 1983 and 22nd April 1983.

5 No director has had a material interest in a contract with the company during the year.

FORTNUM & MASON PLC

Current cost profit and loss account for the year ended 29th January 1983

	Notes	1983 £'000	1982 £'000
Turnover		<u>9,535</u>	<u>8,588</u>
(Loss) before interest and taxation on the historical cost basis		(65)	(81)
Less: current cost operating adjustments ...	5	<u>(368)</u>	<u>(358)</u>
Current cost operating (loss)		(433)	(439)
Interest receivable		<u>254</u>	<u>350</u>
Current cost (loss) before taxation		(179)	(89)
Taxation recoverable		<u>8</u>	<u>179</u>
Current cost (loss)/profit attributable to shareholders		(171)	90
Dividends		<u>(107)</u>	<u>(107)</u>
Retained current cost (loss) for year		<u>(278)</u>	<u>(17)</u>
Current cost (loss)/earnings per share		(42.34p)	19.28p

The notes on page 18 form an integral part of this statement.

FORTNUM & MASON PLC

Current cost balance sheet

as at 29th January 1983

	Notes	1983 £'000	1982 £'000
Fixed assets	1	7,066	7,052
Interests in subsidiaries		2	2
Net current assets			
Stock	2	1,519	1,198
Monetary working capital	2	118	423
Funds on deposit		1,855	2,250
Capital refurbishment creditors		(18)	(347)
		3,474	3,524
Proposed dividends		(84)	(84)
		10,458	10,494
Financed by			
Share capital		600	600
Reserves		9,858	9,894
		10,458	10,494
Reserves		£'000	£'000
Balance at 30th January 1982		9,894	9,640
Current cost (loss) for year		(278)	(17)
Revaluation surpluses reflecting price changes			
Fixed assets		188	219
Stocks		(2)	3
		9,802	9,845
Monetary working capital and cost of sales adjustments		56	49
Balance at 29th January 1983		9,858	9,894

The notes on page 18 form an integral part of this statement.

FORTNUM & MASON PLC

Notes to the current cost accounts

The current cost accounts on pages 16 and 17 have been prepared in accordance with Statement of Standard Accounting Practice No. 16.

1 Fixed assets

The current cost of the leasehold property is based on a valuation by J. Trevor & Sons, Valuers, at 24th October 1980 on an open market value existing use basis.

The gross current cost of the remaining fixed assets has been derived from recent insurance valuations on a replacement cost basis, being the most readily available estimate of current cost, and have been adjusted by appropriate indices.

Total depreciation charged in the current cost profit and loss account represents the current cost of the proportion of fixed assets consumed in the period. The depreciation adjustment of £312,000 is the difference between the historic cost and current cost amounts.

	Gross current replacement cost £'000	Depre- ciation £'000	1983 Net current replacement cost £'000	1982 Net current replacement cost £'000
Leasehold	5,175	237	4,938	4,913
Fixtures and equipment	3,778	2,198	1,580	1,672
Works of art	548	—	548	467
	<u>9,501</u>	<u>2,435</u>	<u>7,066</u>	<u>7,052</u>

2 Working capital

Working capital includes stocks, trade debtors less trade creditors, and that part of total cash balances which is required for the day to day funding of the company's trading.

In order to allow for the impact of price changes on working capital, two adjustments are made to the operating costs calculated on the historical cost basis, one on stock, and the other on monetary working capital. The adjustments are based on movements in price index 30360, being the appropriate index for department stores issued by the Central Statistical Office.

3 Gearing adjustment

As the company does not have net borrowings a gearing adjustment is not necessary.

4 Other accounting policies

Except as noted above, the policies used in the current cost accounts are the same as those used in the historical cost accounts.

5 Adjustments made in deriving current cost operating loss

	1983 £'000	1982 £'000
Cost of sales	56	46
Monetary working capital	—	3
Depreciation	312	309
Current cost operating adjustments	<u>368</u>	<u>358</u>