



S&U STORES PLC

11 AUG 1987
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TO: DIRECTOR GENERAL
FROM: [illegible]

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Notice of Meeting

Notice is hereby given that the forty-ninth annual general meeting of S. & U. Stores PLC will be held at the Plough and Harrow Hotel, Hagley Road, Edgbaston, Birmingham B16 8LS on Tuesday, 4th August 1987 at 11 30 a.m. for the following purposes:

1. To receive and adopt the statement of accounts for the year ended 31st January 1987 together with the reports of the directors and auditors.
2. To declare a dividend.
3. To re-elect a director.
4. To re-appoint auditors.
5. To authorise the directors to agree the remuneration of the auditors.

By order of the board

J. Ambler

Secretary

51-53 Edgbaston Street

Birmingham B5 4QH

10th July 1987

Notes

1. Any member of the company entitled to attend and vote at this meeting may appoint another person or persons as a proxy to attend and, on a poll, to vote in his stead. The proxy need not be a member of the company.
2. In accordance with the company's articles of association, holders of the 4 2% and 31 5% cumulative preference shares are not entitled to attend or vote in respect of those shares at this annual general meeting.
3. Copies of directors' service contracts (unless expiring or determinable without compensation within one year) will be available for inspection at the registered office of the company during usual business hours on any week day (excluding Saturdays) for the period from 10th July 1987 until 4th August 1987 and at the place of the annual general meeting from 11 15 a.m. until the conclusion of the meeting.
4. The register of the directors' interests required to be kept under the Companies Act 1985 will be available for inspection at the annual general meeting.

S. & U. Stores PLC

Financial Calendar 1987/88

Annual general meeting

4th August

Announcement of results:

Half year to 31st July

October/November

Year to 31st January

May/June

Payment of dividends:

4.2% Preference shares

30th September and 31st March

31.5% Preference shares

31st July and 31st January

Ordinary shares

Final

24th August 1987

Directors and Officers

Directors

D. M. Coombs, *Joint Chairman and Managing Director*
C. K. Coombs, B.Com. *Joint Chairman*
A. M. V. Coombs, M.A. (Oxon)
G. D. C. Coombs, M.A. (Oxon) M.Sc. (Lon)
R. E. J. Fisher, F.C.A.
T. Newbury
K. J. Baddeley
J. Ambler, B.Com.

Secretary

J. Ambler, B.Com.

Auditors

Coxen Fine & Co
Chartered Accountants
Hamilton House
57-59 Warwick Road
Birmingham B11 4RB

Registrars

Fenchurch Registrars Limited
8-16 Earl Street
London EC2A 2DY

Solicitors

Edge & Ellison, Hawell Pritchett & Co
Rutland House
148 Edmund Street
Birmingham B3 2JR

Registered Office

51-53 Edgbaston Street
Birmingham B5 4QH
Registered in England 342025

Chairman's Statement

Profits before tax for the year to 31st January 1987 are £1,242,000 compared with £632,000 for the previous year. This increase nearly doubles last year's profit and is very encouraging.

Dividend

It gives your Directors particular pleasure to recommend the restoration of the dividend on the ordinary shares. The dividend of 2.5p per share not proposed by the Directors should be regarded as corresponding to both interim and final in respect of last year. The dividends on both classes of Preference shares are of course, paid in the normal way.

Balance Sheet

The Company's financial position is being steadily strengthened both in value and composition. The major changes are the reduction in borrowings and the improvement in net current assets.

Manufacturing Division

The Manufacturing division is represented by A. E. Holt (Leicester) Limited, which is a hosiery exporting company.

Customers

Our customers are very important to the strength of our business and the goodwill relationship between them our staff and Company continues to be excellent. To them we express our sincere appreciation.

Suppliers

Once again we would like to thank our many trade and professional friends for their support during the year.

Staff

I would especially like to thank my fellow Directors, Executives and indeed all members of staff throughout the Group who have established a new era of profitability by their efficiency, dedication and hard work.

Conclusion

The results this year prove that the turn-round is proceeding. The organisation is now more streamlined and cost effective. This will produce a greater volume of profits and your Directors are optimistic that there will be a continuing improvement in the current financial year. A further increase in dividends will, of course, be a reflection of that improved profitability.

Derek M. Coombs

Chairman

Directors' Report

The directors present the audited accounts of the group for the year ended 31st January 1987 which were approved by the board on 16th June, 1987. The directors report as follows:

Activities, business review and future developments

The principal activity of the group is retail consumer credit and television rentals throughout England and Wales.

The group has representatives throughout the country providing a weekly collection service to householders. The directors continue to look for ways of extending the business using the labour network at their disposal.

The group also manufactures hosiery, mainly for export.

Results and dividends

The group's profit for the financial year and dividends paid and proposed are shown in the group profit and loss account on page 8.

Directors and their interests

The directors at the end of the year are as listed on page 4.

Mr. R. H. Cooke served until his death on the 31st July 1986.

At the annual general meeting the director retiring by rotation will be Mr. G. D. C. Coombs who will offer himself for re-election.

The directors' beneficial interests are as follows:—

	At 31st January 1987 and 1986		
		31.5%	
	Warrants	Preference	Ordinary
D. M. Coombs	17,500	70,000	1,945,772
C. K. Coombs	3,556	14,225	1,859,127
A. M. V. Coombs	" "	" "	191,000
G. D. C. Coombs	" "	" "	211,000
R. E. J. Fisher	500	2,000	6,000
Miss J. Ambler	" "	" "	3,240
T. Newbury	3,750	15,000	" "

Grevayne Properties Ltd., a company of which Messrs. A. M. V. Coombs and G. D. C. Coombs are directors and shareholders, owned 90,000 ordinary shares in the company at 31st January 1987.

Since 31st January 1987 there have been no changes in directors' interests.

No director held any 4 2% preference shares in the company during the year.

There were no contracts subsisting during or at the end of the financial year in which a director of the company was materially interested.

Employment of disabled persons

The group continues to give full and fair consideration to applications for employment by disabled persons, together with the policy of fulfilling its obligations towards employees who are disabled or become disabled during the period of their employment by group companies.

Substantial shareholdings

The directors have been advised of the following substantial interests:

Ordinary Shares Truedene Company Limited 2,000,000 shares (22.61%)

Other than the directors' interests already mentioned, the directors are not aware of any other share interests in excess of 5% of any class of share capital.

Capital expenditure

The changes in the group's fixed assets are as shown in the notes on page 14.

Employee involvement

Regular meetings are held with employees to discuss trading, financial position and prospects. Opportunity is given at these meetings for senior executives to be questioned about matters which concern the employees.

Close company

So far as is known, the company is not a close company within the meaning of the Income and Corporation Taxes Act 1970.

Auditors

Coxen Fine & Co. have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the annual general meeting.

By order of the board

J. Ambler

Secretary

51/53 Edgbaston Street
Birmingham B5 4QH

16th June 1987

Group Profit and Loss Account

for the year ended 31st January 1987

		1987	1986
	Note	£000	£000
Turnover	2	37,755	37,061
		<u> </u>	<u> </u>
Gross profit	2	9,846	9,563
Operating and administration expenses		8,604	8,931
		<u> </u>	<u> </u>
Profit on ordinary activities before taxation	3	1,242	632
Tax on profit on ordinary activities	4	540	298
		<u> </u>	<u> </u>
Profit on ordinary activities after taxation		702	334
Preference dividends paid		8	8
On 4.2% cumulative preference shares		142	142
On 31.5% cumulative preference shares		<u> </u>	<u> </u>
Profit available for appropriation		552	184
Ordinary dividend		221	
Proposed final of 2.5p per share		<u> </u>	<u> </u>
Amount set aside to reserves	12	331	184
		<u> </u>	<u> </u>
Earnings per ordinary share	5	6.24p	2.09p
Fully diluted earnings per ordinary share	5	5.86p	2.08p

Balance Sheets

at 31st January 1987

	Note	Group		S. & U. Stores PLC	
		1987 £000	1986 £000	1987 £000	1986 £000
Fixed assets					
Tangible assets	6	3,699	3,920	1,878	1,954
Investments	7	—	—	2,892	2,892
		<u>3,699</u>	<u>3,920</u>	<u>4,770</u>	<u>4,846</u>
Current assets					
Stocks	8	309	338	149	203
Debtors	9	8,079	8,134	6,424	5,451
		<u>8,388</u>	<u>8,472</u>	<u>6,573</u>	<u>5,654</u>
Creditors: amounts falling due within one year	10	<u>(6,007)</u>	<u>(6,048)</u>	<u>(5,187)</u>	<u>(4,755)</u>
Net current assets		<u>2,381</u>	<u>1,824</u>	<u>1,386</u>	<u>899</u>
Total assets less current liabilities		<u>6,080</u>	<u>5,744</u>	<u>6,156</u>	<u>5,745</u>
Deferred taxation	4	<u>—</u>	<u>(7)</u>	<u>—</u>	<u>—</u>
		<u>6,080</u>	<u>5,737</u>	<u>6,156</u>	<u>5,745</u>
Capital and reserves					
Called up share capital	11	1,756	1,750	1,756	1,750
Share premium account	12	2,283	2,277	2,283	2,277
Revaluation reserve	12	1,422	1,412	868	581
Other reserves	12	(1,125)	(1,125)	—	—
Profit and loss account	12	1,744	1,293	1,249	837
		<u>6,080</u>	<u>5,737</u>	<u>6,156</u>	<u>5,745</u>

D. M. Coombs

C. K. Coombs

Approved by the directors 16th June 1987.

Source and Application of Group Funds

for the year ended 31st January 1987

	1987		1986	
	£000	£000	£000	£000
Source of funds				
Profit on ordinary activities before taxation		1,242		632
Depreciation which is charged in arriving at the profit:				
Assets on lease		18		201
Tangible assets		600		625
Proceeds on disposal of tangible fixed assets		279		221
Proceeds of shares issued		12		-
		<u>2,151</u>		<u>1,679</u>
Application of funds				
Capital expenditure		665		781
Taxation paid		47		202
Dividends paid		150		150
		<u>862</u>		<u>1,133</u>
Increase/(decrease) in working capital				
Stocks	(29)		(29)	
Assets on lease	-		(772)	
Other debtors	(37)		487	
Other creditors	655		199	
		<u>589</u>		<u>(413)</u>
		<u>1,451</u>		<u>720</u>
Net inflow of cash during the year		<u>700</u>		<u>969</u>
Reconcilable as follows:				
Opening overdrafts		3,278		4,237
Closing overdrafts		<u>2,578</u>		<u>3,278</u>
		<u>700</u>		<u>969</u>

Notes on the Accounts

1. Accounting policies

The accounting policies set out below have been applied by the group in the preparation of its accounts for the year ended 31st January 1987 and are consistent with previous years.

A Accounting convention

The accounts have been prepared under the historical cost convention as modified by the revaluation of freehold properties

B Consolidation

The group profit and loss account and balance sheet include the accounts of the parent company and its subsidiaries made up to the end of the financial year.

C Tangible fixed assets

Depreciation has been provided to write off the valuation or cost over their estimated lives as follows:

Freehold buildings	1% per annum straight line
Fixtures and plant	10% to 20% per annum on reducing balance
Vehicles	25% per annum on reducing balance
Computers	20% per annum straight line

D Stocks

Stocks have been stated at the lower of cost and estimated net realisable value. The cost of goods manufactured within the group comprises materials, labour and related overheads

E Debtors

Bad debts are written off and a specific provision is made on all debts which are considered doubtful

F Assets on lease

Income is taken to profit and loss account when receivable. Depreciation is charged rateably in accordance with the income flow of the period of the primary lease

G Deferred taxation

Provision for taxation deferred by accelerated capital allowances is made only to the extent that there is a reasonable probability that such taxation will become payable in the foreseeable future

H Consumer credit

Interest and service charges are taken to profit and loss account when the consumer credit is granted

I Goodwill

Goodwill is written off to reserves in the year in which it arises

Notes on the Accounts

2. Turnover and profits

Turnover represents goods sold to and amounts collectable from customers outside the group, less returns and V.A.T. (where applicable).

Group turnover and profit before taxation by class of business is analysed below:

	Turnover		Profit before taxation	
	1987 £000	1986 £000	1987 £000	1986 £000
Consumer credit, rentals and other retail trading	37,315	36,474	1,222	575
Manufacturing including exports to Europe of £349 041 (1986 £474,228)	440	587	20	57
	<u>37,755</u>	<u>37,061</u>	<u>1,242</u>	<u>632</u>

	1987 £000	1986 £000
Group turnover as defined	37,755	37,061
Cost of goods sold and amounts of credit granted	(27,381)	(26,634)
Depreciation on assets on lease	(18)	(20)
Interest payable	(510)	(663)
Gross profit	<u>9,846</u>	<u>9,563</u>

Interest payable comprises interest on bank and other borrowings repayable within five years as follows:

	1987 £000	1986 £000
Bank interest	447	585
Finance purchase	<u>63</u>	<u>100</u>

3. Profit on ordinary activities before taxation

Stated after charging or crediting	1987	1986
	£000	£000
Wages and salaries	3,780	4,007
Social security costs	320	357
Other pension costs	19	29
Depreciation (other than on assets on lease)	600	625
Hire of plant and machinery	11	13
Auditors' remuneration	37	35
Profit on sales of land and buildings	(20)	(17)

4. Tax on profit on ordinary activities

	1987	1986
	£000	£000
Corporation tax payable at 35.81% (1986 40.81%) based on the profit for the year	594	694
Advance corporation tax recoverable	(61)	(64)
Transfers from deferred taxation	(7)	(353)
	526	277
Adjustment in respect of prior years	14	21
	540	298

No account has been taken of the liability to taxation which could arise if the properties were to be disposed of at the amount at which they are stated in the balance sheet, as it is expected that the properties will be retained by the group and it is impracticable to quantify the potential liability.

5. Earnings per ordinary share

Earnings per share has been calculated on 8,847,030 (1986 8,800,000) ordinary shares in issue and on earnings of £552,000 (1986 £184,000)

Fully diluted earnings per share has been calculated on 9,700,189 shares and on earnings of £568,000 (1986 £202,000), after allowing for the conversion into ordinary shares at a subscription price of 25p each of the 853,159 1985/89 warrants in issue.

Notes on the Accounts

6. Tangible assets

	Group		S. & U. Stores PLC	
	1987	1986	1987	1986
	£000	£000	£000	£000
Fixed assets				
Freehold land and buildings				
Valuation and cost at 31st January 1986	2,495	2,458	1,366	1,419
Additions	3	90	—	—
Disposals	(46)	(53)	—	(53)
	<u>2,452</u>	<u>2,495</u>	<u>1,366</u>	<u>1,366</u>
Depreciation at 31st January 1986	156	136	92	79
Provision for the year	20	20	13	13
Disposals	(3)	—	—	—
	<u>173</u>	<u>156</u>	<u>105</u>	<u>92</u>
Net book value at 31st January 1987	<u>2,279</u>	<u>2,339</u>	<u>1,261</u>	<u>1,274</u>

Freehold properties were professionally valued at 31st March 1973 at £2,181,488 for the group (£1,287,500 for S. & U. Stores PLC). Additions since are at cost.

Fixtures, plant, vehicles and computers

Cost at 31st January 1986	3,554	3,399	1,473	1,404
Additions	662	691	233	265
Disposals	(763)	(536)	(251)	(196)
	<u>3,453</u>	<u>3,554</u>	<u>1,455</u>	<u>1,473</u>
Depreciation at 31st January 1986	1,973	1,683	793	717
Provision for the year	580	605	199	214
Disposals	(520)	(315)	(154)	(138)
	<u>2,033</u>	<u>1,973</u>	<u>838</u>	<u>793</u>
Net book value at 31st January 1987	<u>1,420</u>	<u>1,581</u>	<u>617</u>	<u>680</u>
Total tangible fixed assets	<u>3,699</u>	<u>3,920</u>	<u>1,878</u>	<u>1,954</u>

6. Tangible assets (continued)

	Group		S. & U. Stores PLC	
	1987	1986	1987	1986
	£000	£000	£000	£000
The historical cost and related depreciation of freehold land and buildings at 31st January 1987 was				
Historical cost	882	928	409	409
Accumulated depreciation	171	154	105	92
	<u>711</u>	<u>774</u>	<u>304</u>	<u>317</u>

At 31st January 1987 there were no commitments for capital expenditure either contracted for or authorised by the Board (1986 £nil).

7. Investments

	S. & U. Stores PLC	
	1987	1986
	£000	£000
Shares in subsidiary companies		
Cost of shares in subsidiaries less amounts written off	<u>2,892</u>	<u>2,892</u>

All the principal group companies are incorporated in England and their activities are as shown on page 20.

8. Stocks

	Group	
	1987	1986
	£000	£000
Raw materials	11	17
Work in progress	43	24
Finished stock	255	297
	<u>309</u>	<u>338</u>

The stock of S. & U. Stores PLC is all finished stock.
The estimated replacement cost of stocks is not materially different from the above amounts.

Notes on the Accounts *(continued)*

9. Debtors	Group		S. & U. Stores PLC	
	1987 £000	1986 £000	1987 £000	1986 £000
Amounts due within one year.				
Trade debtors	7,374	7,199	3,209	2,931
Amounts due by subsidiaries	—	—	2,698	2,050
Assets on lease	1	19	—	—
Prepayments and accrued income	704	916	517	470
	<u>8,079</u>	<u>8,134</u>	<u>6,424</u>	<u>5,451</u>

10. Creditors	Group		S. & U. Stores PLC	
	1987 £000	1986 £000	1987 £000	1986 £000
Amounts falling due within one year.				
Bank overdrafts (a)	2,578	3,278	2,485	1,913
Trade creditors	761	910	339	340
Hire purchase liabilities	—	48	—	—
Owing to subsidiaries	—	—	1,433	1,435
Other taxation and social security	116	136	37	42
Corporation tax	1,438	945	96	—
Accruals and other creditors	743	1,031	426	725
Unsecured loan from director (b)	150	300	150	300
Proposed ordinary dividend	221	—	221	—
	<u>6,007</u>	<u>6,648</u>	<u>5,187</u>	<u>4,755</u>

(a) The group's bankers have fixed charges on certain properties and floating charges on other assets of the company and subsidiary companies to secure monies which are or may become due. The company has given the group's bankers inter-company guarantees

(b) The loan from director is unsecured, interest free and has no fixed date for repayment.

11. Called up share capital	Authorised		Issued and fully paid	
	1987 £000	1986 £000	1987 £000	1986 £000
4 2% Cumulative preference shares of £1 each	200	200	200	200
31.5% Cumulative preference shares of 12½p each	450	450	450	450
Ordinary shares of 12½p each	1,350	1,350	1,106	1,100
	<u>2,000</u>	<u>2,000</u>	<u>1,756</u>	<u>1,750</u>

During the year 47,030 warrants were converted into ordinary shares.

12. Reserves

	Group		S. & U. Stores PLC	
	1987 £000	1986 £000	1987 £000	1986 £000
Share premium account	2,283	2,277	2,283	2,277
Revaluation reserve at 31st January 1986	1,442	1,462	881	894
Transfer to profit and loss account depreciation on freehold properties	(20)	(20)	(13)	(13)
Balance at 31st January 1987	1,422	1,442	868	881
Other reserves goodwill written off	(1,125)	(1,125)	—	—
Profit and loss account				
Balance at 31st January 1986	1,393	1,189	837	798
Amount set aside from profit for the financial year	331	184	399	26
Transfer from revaluation reserve depreciation on freehold properties	20	20	13	13
Balance at 31st January 1987	1,744	1,393	1,249	837

As a result of the conversion of 47,030 warrants into 12½p ordinary shares at a subscription price of 25p each, the share premium account has increased by £5,879.

As permitted by section 228(7) of the Companies Act 1985, S. & U. Stores PLC has not presented its own separate profit and loss account. The amount of the consolidated profit for the financial year dealt with in the company's accounts is shown above, after deduction of dividends paid and proposed.

13. Information regarding directors and employees

A. Employees	1987	1986
The average weekly number of persons employed by the group in the United Kingdom was	641	712
Part time workers included	34	26

B. Directors' emoluments	1987 £	1986 £
Directors' emoluments for management services	256,735	233,543
Joint chairman (each)	40,000	35,000

The table which follows shows the number of other directors, and their salary ranges, excluding pension contributions, were within the bands stated.

	Directors	
	1987	1986
£10,001 to £15,000	2	1
£20,001 to £25,000	2	3
£25,001 to £30,000	2	2
£30,001 to £35,000	—	1
£45,001 to £50,000	1	—

C. Pension commitments

The group has no commitments for pensions that have not been fully funded outside the group.

Report of the Auditors

To the members of S. & U. Stores PLC

We have audited the financial statements on pages 8 to 17 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31st January 1987 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act 1985.

Coxen Fine & Co.

Chartered Accountants

Hamilton House
57/59 Warwick Road
Birmingham B11 4RB

16th June 1987

Five Year Financial Statement

	1983	1984	1985	1986	1987
	£000	£000	£000	£000	£000
Profit on ordinary activities before taxation	767	725	761	632	1,242
Corporation tax	(258)	(422)	(305)	(298)	(540)
	509	303	456	334	702
Extraordinary items			(219)		—
	509	303	237	334	702
Assets employed					
Fixed assets	4,661	3,839	4,038	3,920	3,699
Current assets	6,211	8,019	8,943	8,472	8,389
	10,872	11,858	12,981	12,392	12,087
Creditors	(5,039)	(5,776)	(7,068)	(6,648)	(6,007)
	5,833	6,082	5,913	5,744	6,080
Deferred taxation	(241)	(616)	(360)	(7)	—
Total assets employed	5,592	5,466	5,553	5,737	6,080
Funds					
Called up share capital	1,750	1,750	1,750	1,750	1,756
Reserves	3,842	3,716	3,803	3,987	4,324
Shareholders' funds	5,592	5,466	5,553	5,737	6,080

Principal Group Companies *and their activities*

**Consumer credit, rentals and other
retail trading**

S. & U. Stores PLC
S. D. Taylor Limited
Wilson Topholme Limited
Stanlor of Hanley Limited
Sartorial Shops Limited
Tweedies (Sports Centres) Limited

Manufacturing

A. E. Holt (Leicester) Limited

The whole of the issued share capital of the above subsidiary companies which operate in the United Kingdom is beneficially owned by S. & U. Stores PLC.