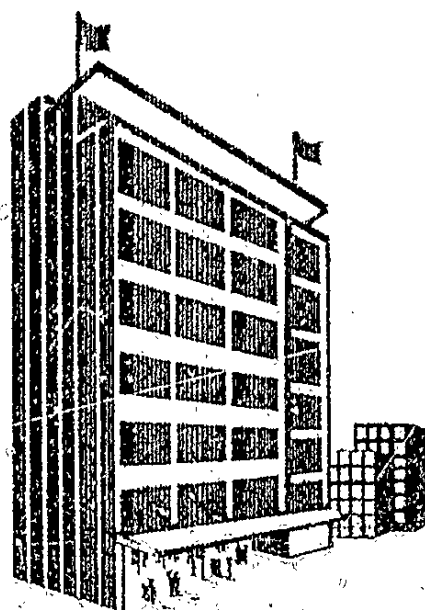


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**S&U STORES PLC**



**Directors Report and  
Statement of Accounts 1986**

# Contents

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# Notice of Meeting

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**Notice is hereby given** that the forty-eighth 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, 16th September 1986 at 11.30 a.m. for the following purposes:

1. To receive and adopt the Statement of Accounts for the year ended 31st January 1986 together with the reports of the Directors and Auditors.
2. To re-elect a director.
3. To re-appoint auditors.
4. 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

8th August 1986

## **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 these shares at this annual general meeting.

3. None of the directors have a service contract, the duration of which is one year or more.

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 1986/87

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**Annual general meeting**

16th September

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**Announcement of results:**

Half year to 31st July

October/November

Year to 31st January

June/July

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**Payment of dividends:**

4.2% Preference shares

30th September and 31st March

31.5% Preference shares

31st July and 31st January

## Directors and Officers

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**Directors**

D. M. Coombs, *Joint Chairman and Managing Director*  
C. K. Coombs, B.Com. *Joint Chairman*  
R. H. Cooke  
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.

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**Secretary**

J. Ambler, B.Com.

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**Auditors**

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

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**Registrars**

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

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**Solicitors**

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

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**Registered Office**

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

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# Chairman's Statement

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Profits before taxation for the year to 31st January 1986 are £632,000 compared with £761,000 for the previous year. The after tax Group Profit attributable to shareholders is £334,000 compared with £237,000 in 1985. Group turnover is virtually unchanged at £37.061m.

## **Share Premium Account**

You will see from the Directors' Report that we propose to reduce the share premium account to nil and transfer the balance to other reserves. This requires the approval of the High Court. Notice of the Extraordinary General Meeting to deal with this is enclosed with the accounts. The action your Company is proposing to take follows previous initiatives by other companies and the purpose of the exercise is explained in my letter accompanying the resolution.

## **Manufacturing Division**

The Manufacturing Division after considerable reorganisation in the last few years consists only of a hosiery exporting company based in Leicester which is now trading profitably.

## **Trade**

I would like to thank our many trade and professional friends for their continued support.

## **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.

## **Staff**

We provide a regular weekly collecting service throughout the country and we consider ourselves fortunate in the quality and loyalty of our personnel. Our thanks to all our staff throughout the group.

## **Conclusion**

The results for the year under review have been disappointing. We operate in a highly competitive business with very restrictive margins and every action is being taken to improve performance.

The preference dividends on both classes of preference shares are being paid as usual, the Directors do not however recommend the payment of a dividend on the ordinary shares.

**Derek M. Coombs**

*Chairman*

# Directors' Report

The directors present the audited accounts of the group for the year ended 31st January 1986 which were approved by the board on 27th June, 1986. 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 are shown in the group profit and loss account on page 8. The dividend on the 4.2% preference shares and 31.5% cumulative preference shares is being paid as normal. There is no recommendation for a dividend on the ordinary shares.

## Directors and their interests

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

At the annual general meeting the director retiring by rotation will be Mr. A. M. V. Coombs who will offer himself for re-election.

The directors' beneficial interests are as follows:—

	At 31st January 1986 and 1985		
	Warrants	31.5% 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 85,000 ordinary shares in the company at 31st January 1986.

Since 31st January 1986 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.

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**Substantial shareholdings**

The directors have been advised of the following substantial interests:—

Ordinary Shares	Arandaville Investments Limited	2,000,000 shares (22.73%)
31.5% Cumulative Preference Shares	Scottish Amicable Life Assurance Society	410,000 shares (11.39%) (no warrants)

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.

**Share premium account**

A resolution will be put to an extraordinary general meeting, to follow the annual general meeting, to obtain consent for the share premium account to be reduced by £2,277,210 to create a capital reserve. Application will then be necessary to the High Court to confirm the resolution following which the capital reserve created will be utilised to eliminate the debit balance on other reserves.

**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

27th June 1986

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# Group Profit and Loss Account

for the year ended 31st January 1986

		1986	1985
	Note	£000	£000
Turnover	2	37,061	36,388
Gross profit	2	9,563	9,064
Operating and administration expenses		8,931	8,303
Profit on ordinary activities before taxation	3	632	761
Tax on profit on ordinary activities	4	298	305
Profit on ordinary activities after taxation		334	456
Extraordinary items	5	—	219
Profit for financial year		334	237
Dividends paid		8	8
On 4.2% cumulative preference shares		142	142
On 31.5% cumulative preference shares			
Amount set aside to reserves		184	87
Earnings per ordinary share	6	2.09p	3.48p
Fully diluted earnings per ordinary share	6	2.08p	3.29p

# Balance Sheets

at 31st January 1986

	Note	Group		S. & U. Stores PLC	
		1986 £000	1985 £000	1986 £000	1985 £000
<b>Fixed assets</b>					
Tangible assets	7	3,920	4,038	1,954	2,027
Investments	8	—	—	2,892	2,892
		<u>3,920</u>	<u>4,038</u>	<u>4,846</u>	<u>4,919</u>
<b>Current assets</b>					
Stocks	9	338	367	203	210
Debtors	10	8,134	8,576	5,451	5,463
		<u>8,472</u>	<u>8,943</u>	<u>5,654</u>	<u>5,673</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(6,648)</u>	<u>(7,017)</u>	<u>(4,755)</u>	<u>(4,873)</u>
<b>Net current assets</b>		<u>1,824</u>	<u>1,926</u>	<u>899</u>	<u>800</u>
<b>Total assets less current liabilities</b>		<u>5,744</u>	<u>5,964</u>	<u>5,745</u>	<u>5,719</u>
<b>Creditors: amounts falling due after more than one year</b>	11	—	(51)	—	—
<b>Deferred taxation</b>	4	<u>(7)</u>	<u>(360)</u>	<u>—</u>	<u>—</u>
		<u>5,737</u>	<u>5,553</u>	<u>5,745</u>	<u>5,719</u>
<b>Capital and reserves</b>					
Called up share capital	12	1,750	1,750	1,750	1,750
Share premium account	13	2,277	2,277	2,277	2,277
Revaluation reserve	13	1,442	1,462	881	894
Other reserves	13	(1,125)	(1,125)	—	—
Profit and loss account	13	1,393	1,189	837	798
		<u>5,737</u>	<u>5,553</u>	<u>5,745</u>	<u>5,719</u>

D. M. Coombs }  
C. K. Coombs } *Directors*

Approved by the directors 27th June 1986.

# Source and Application of Group Funds

for the year ended 31st January 1986

	1986		1985	
	£000	£000	£000	£000
<b>Source of funds</b>				
Profit on ordinary activities before taxation	632		761	
Extraordinary profits and losses	(—)	632	(297)	464
Depreciation which is charged in arriving at the profit:				
Assets on lease		201		1,149
Tangible assets		625		627
Proceeds on disposal of tangible fixed assets		221		407
		<u>1,679</u>		<u>2,647</u>
<b>Application of funds</b>				
Capital expenditure		781		1,167
Taxation paid		202		175
Dividends paid		150		150
		<u>1,133</u>		<u>1,492</u>
<b>Increase/(decrease) in working capital</b>				
Stocks	29		28	
Assets on lease	890		909	
Other debtors	487		1,136	
Bank overdrafts	(959)		(1,680)	
Other creditors	99		762	
		<u>546</u>		<u>1,155</u>
		<u>1,679</u>		<u>2,647</u>

# Notes on the Accounts

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## 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 1986 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 is made by the liability method only to the extent that it is probable that a liability will crystallise 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. This represents a change in accounting policy and prior years have been restated accordingly.

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## Notes on the Accounts (continued)

**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	
	1986 £000	1985 £000	1986 £000	1985 £000
Consumer credit, rentals and other retail trading	36,474	35,761	575	786
Manufacturing including exports to Europe of £474,228 (1985 £250,051)	587	627	57	(25)
	<u>37,061</u>	<u>36,388</u>	<u>632</u>	<u>761</u>
			1986 £000	1985 £000
Group turnover as defined			37,061	36,388
Cost of goods sold and amounts of credit granted			(26,634)	(25,674)
Depreciation on assets on lease			(201)	(1,149)
Interest payable			(663)	(501)
Gross profit			<u>9,563</u>	<u>9,064</u>

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

	1986 £000	1985 £000
Bank interest	568	352
Hire purchase	<u>95</u>	<u>149</u>

**3. Profit on ordinary activities before taxation**

Stated after charging or crediting:

	1986 £000	1985 £000
Wages and salaries	4,007	3,846
Social security costs	357	403
Other pension costs	29	28
Depreciation (other than on assets on lease)	625	627
Hire of plant and machinery	13	19
Auditors' remuneration	35	34
Profit on sales of land and buildings	<u>(7)</u>	<u>(72)</u>

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#### 4. Tax on profit on ordinary activities

	1986 £000	1985 £000
Corporation tax payable at 40.81% (1985 45.83%) based on the profit for the year	694	689
Advance corporation tax recoverable	(64)	(64)
Transfers from deferred taxation	(353)	(256)
	<hr/> 277	<hr/> 369
Adjustment in respect of prior years	21	(64)
	<hr/> 298	<hr/> 305

Provision has been made for the amount of potential liability at 31st January 1986 in respect of accelerated capital allowances relating to assets on lease of £7,000 (1985 £360,000).

No account has been taken of the liability to taxation which could arise if the properties were to be disposed of at the amounts 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.

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#### 5. Extraordinary items

	1986 £000	1985 £000
Redundancy and terminal losses on closure of manufacturing company	—	176
VAT direction in respect of earlier years	—	121
	<hr/> —	<hr/> 297
Corporation tax recoverable at 45.83% on extraordinary loss	—	(78)
Extraordinary Loss	<hr/> —	<hr/> 219

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#### 6. Earnings per ordinary share

Earnings per share has been calculated on 8,800,000 ordinary shares in issue and on earnings of £184,000 (1985 £306,000).

Fully diluted earnings per share has been calculated on 9,700,189 shares and on earnings of £202,000 (1985 £319,000), after allowing for the conversion into ordinary shares at a subscription price of 25p each of the 900,189 1985/89 warrants in issue.

# Notes on the Accounts *(continued)*

## 7. Tangible assets

	Group		S. & U. Stores PLC	
	1986 £000	1985 £000	1986 £000	1985 £000
Fixed assets				
Freehold land and buildings	2,458	2,577	1,419	1,399
Valuation and cost at 31st January 1985	90	25	—	20
Additions	(53)	(144)	(53)	—
Disposals				
	<u>2,495</u>	<u>2,458</u>	<u>1,366</u>	<u>1,419</u>
Depreciation at 31st January 1985	136	122	79	65
Provision for the year	20	23	13	14
Disposals	—	(9)	—	—
	<u>156</u>	<u>136</u>	<u>92</u>	<u>79</u>
Net book value at 31st January 1986	<u>2,339</u>	<u>2,322</u>	<u>1,274</u>	<u>1,340</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 1985	3,399	2,747	1,404	1,193
Additions	691	1,142	265	355
Disposals	(575)	(490)	(196)	(144)
	<u>3,515</u>	<u>3,399</u>	<u>1,473</u>	<u>1,404</u>
Depreciation at 31st January 1985	1,683	1,363	717	605
Provision for the year	605	604	214	211
Disposals	(315)	(284)	(138)	(99)
	<u>1,973</u>	<u>1,683</u>	<u>793</u>	<u>717</u>
Net book value at 31st January 1986	<u>1,581</u>	<u>1,716</u>	<u>680</u>	<u>687</u>
Total tangible fixed assets	<u>3,920</u>	<u>4,038</u>	<u>1,954</u>	<u>2,027</u>

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**7. Tangible assets (continued)**

	Group		S. & U. Stores PLC	
	1986 £000	1985 £000	1986 £000	1985 £000
The historical cost and related depreciation of freehold land and buildings at 31st January 1986 was				
Historical cost	928	854	409	425
Accumulated depreciation	154	134	92	79
	<u>774</u>	<u>720</u>	<u>317</u>	<u>346</u>

At 31st January 1986 there were no commitments for capital expenditure either contracted for or authorised by the Board (1985 £nil).

---

**8. Investments**

	1986 £000	1985 £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.

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**9. Stocks**

	1986 £000	1985 £000
Raw materials	17	15
Work in progress	24	38
Finished stock	<u>297</u>	<u>314</u>
	<u>338</u>	<u>367</u>

The stock of S. & U. Stores PLC is all finished stock.

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## Notes on the Accounts (continued)

10. Debtors	Group		S. & U. Stores PLC	
	1986 £000	1985 £000	1986 £000	1985 £000
Amounts due within one year:				
Trade debtors	7,199	6,556	2,931	2,717
Amounts due by subsidiaries	—	—	2,050	2,258
Assets on lease	19	956	—	—
Prepayments and accrued income	916	1,064	470	488
	<u>8,134</u>	<u>8,576</u>	<u>5,451</u>	<u>5,463</u>

11. Creditors	Group		S. & U. Stores PLC	
	1986 £000	1985 £000	1986 £000	1985 £000
(1) Amounts falling due within one Year:				
Bank overdrafts (a)	3,278	4,237	1,913	2,127
Trade creditors	910	527	340	215
Hire purchase liabilities	48	150	—	10
Owing to subsidiaries	—	—	1,435	1,454
Other taxation and social security	136	165	42	44
Corporation tax	945	454	—	—
Accruals and other creditors	1,031	1,184	725	723
Unsecured loans from directors (b)	300	300	300	300
	<u>6,648</u>	<u>7,017</u>	<u>4,755</u>	<u>4,873</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 loans from directors are unsecured, interest free and have no fixed date for repayment.

12. Called up share capital	Authorised		Issued and fully paid	
	1986 £000	1985 £000	1986 £000	1985 £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	1,100	1,100
	<u>2,000</u>	<u>2,000</u>	<u>1,750</u>	<u>1,750</u>

### 13. Reserves

	Group		S. & U. Stores PLC	
	1986 £000	1985 £000	1986 £000	1985 £000
Share premium account	2,277	2,277	2,277	2,277
Revaluation reserve at 31st January 1985	1,462	1,485	894	908
Transfer to profit and loss account depreciation on freehold properties	(20)	(23)	(13)	(14)
Balance at 31st January 1986	1,442	1,462	881	894
Other reserves — goodwill written off	(1,125)	(1,125)	—	—
Profit and loss account				
Balance at 31st January 1985	1,189	1,079	798	706
Amount set aside from profit for the financial year	184	87	26	78
Transfer from revaluation reserve depreciation on freehold properties	20	23	13	14
Balance at 31st January 1986	1,393	1,189	837	798

As a result of the change of accounting policy for goodwill explained under accounting policies on page 11 the balance sheet at 31st January 1985 has been restated.

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 payment of dividends on cumulative preference shares.

### 14. Information regarding directors and employees

#### A Employees

The average weekly number of persons employed by the group in the United Kingdom was

1986 1985

712 762  
26 16

Part time workers included

#### B Directors' emoluments

Directors' emoluments for management services (1985 included part year for three new directors)

1986 1985  
£ £

233,543 161,635  
35,000 30,000

Joint chairmen (each)

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

Up to £5,000  
£ 5,001 to £10,000  
£10,001 to £15,000  
£15,001 to £20,000  
£20,001 to £25,000  
£25,001 to £30,000  
£30,001 to £35,000

Directors	
1986	1985
—	1
—	1
1	1
—	3
3	1
2	—
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 1986 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

27th June 1986

# Five Year Financial Statement

	1982	1983	1984	1985	1986
	£000	£000	£000	£000	£000
<b>Profit on ordinary activities before taxation</b>	670	767	725	761	<b>632</b>
Corporation tax	(23)	(258)	(422)	(305)	<b>(298)</b>
	<u>647</u>	<u>509</u>	<u>303</u>	<u>456</u>	<u><b>334</b></u>
Extraordinary items	(96)	—	—	(219)	—
	<u><u>551</u></u>	<u><u>509</u></u>	<u><u>303</u></u>	<u><u>237</u></u>	<u><u><b>334</b></u></u>
<b>Assets employed</b>					
Fixed assc	3,742	4,661	3,839	4,038	<b>3,920</b>
Current assets	<u>5,804</u>	<u>6,211</u>	<u>8,019</u>	<u>8,943</u>	<u><b>8,472</b></u>
	9,546	10,872	11,858	12,981	<b>12,392</b>
Creditors	<u>(4,455)</u>	<u>(5,039)</u>	<u>(5,776)</u>	<u>(7,068)</u>	<u><b>(6,648)</b></u>
	5,091	5,883	6,082	5,913	<b>5,744</b>
Deferred taxation	—	(241)	(616)	(360)	<b>(7)</b>
Total assets employed	<u><u>5,091</u></u>	<u><u>5,592</u></u>	<u><u>5,466</u></u>	<u><u>5,553</u></u>	<u><u><b>5,737</b></u></u>
<b>Funds</b>					
Called up share capital	1,750	1,750	1,750	1,750	<b>1,750</b>
Reserves*	<u>3,341</u>	<u>3,842</u>	<u>3,716</u>	<u>3,803</u>	<u><b>3,987</b></u>
Shareholders' funds	<u><u>5,091</u></u>	<u><u>5,592</u></u>	<u><u>5,466</u></u>	<u><u>5,553</u></u>	<u><u><b>5,737</b></u></u>

\*Restated to take account of the change in accounting policy for goodwill.

## Principal Group Companies *and their activities*

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**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

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**Manufacturing**

A. E. Holt (Leicester) Limited

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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.