

Blazer PLC

Accounts 1 April 1995

together with directors' and auditors' reports

Registered number: 1416572



Directors' report

For the year ended 1 April 1995

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 1 April 1995.

Principal activities and business review

The principal activities of the company continue to be the merchandising and retailing of men's clothes within the United Kingdom. Sales were up by one percent, although last year included the benefit of a 53rd week, worth 2%. On a like for like basis sales were up by nearly 3 per cent, building on the improvement of last year.

On account of successful trading, Blazer made a trading profit before interest of £162,320.

Results and dividends

A summary of the results of the year's trading is given on page 5 of the accounts.

The directors cannot recommend the payment of a dividend (1994 - £nil).

Directors and their interests

The directors who held office during the year are as follows:

F.R. Cox	
L. Chard	(appointed 19 September 1994)
R.E. Sexton	
J. Pollock	(resigned 25 April 1994)
A. Hewitt	(resigned 15 July 1994)

Directors' report (continued)

Directors and their interests (continued)

The directors are entitled to options under the Storehouse Executive Share Option Scheme to subscribe for ordinary shares in that company once a required period of service has elapsed. The options awarded to each of the above directors under these schemes are as follows:

Storehouse PLC							
Ordinary shares under option							
		At 1 April 1994	Granted in financial year	Exercised/ cancelled in financial year	At 1 April 1995	Date of grant	Option price
R.E. Sexton	**	2,400	-	2,400	0	1989	90p
	**	11,392	-	-	11,392	1991	79p
	*	45,135	-	-	45,135	1992	142p
	*	1,461	-	-	1,461	1993	199p
	**	4,312	-	-	4,312	1993	160p
	*		20,000	-	20,000	1994	208p
F. Cox	*		36,057	-	36,057	1994	208p
	**		10,329	-	10,329	1994	167p

* Storehouse Executive Share Option Scheme

** SAYE

None of the directors held shares in the company or in the parent company, Storehouse PLC, at the end of this or the previous financial year.

Directors' responsibilities for the accounts

The following statement has been prepared, in accordance with the Cadbury Code of Best Practice, in order to explain the Directors' responsibilities for preparing the accounts. It should be read in conjunction with the Auditors' Report on page 4.

The Directors are required to prepare accounts which give a true and fair view of the state of affairs of the company and of the profit or loss of the group for that period. The Directors are also required to ensure that adequate accounting records are maintained. In preparing the accounts, the Directors consider that appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements have been used. Applicable accounting standards have been followed. The accounts have been prepared on a going concern basis.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Directors' report (continued)

Fixed assets

Information relating to changes in tangible fixed assets is given in note 7 to the accounts.

Auditors

Arthur Andersen have expressed their willingness to continue as auditors of the company and the resolution proposing their reappointment will be put before the Annual General Meeting.

28-32 Brunel Road
East Acton
London W3 7XR



By order of the Board,

R.E. Sexton

Company Secretary

25 May 1995

Auditors' report

London

To the Shareholders of Blazer PLC:

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the company's state of affairs at 1 April 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

1 Surrey Street
London
WC2R 2PS

25 May 1995

Profit and loss account

For the year ended 1 April 1995 (Note 1a)

	Notes	Year ended 1 April 1995 £	Period ended 2 April 1994 £
Turnover	1b	14,406,802	14,284,110
Cost of sales		(12,348,839)	(12,931,551)
Gross profit		2,057,963	1,352,559
Administrative expenses		(1,895,643)	(1,776,784)
Operating profit/(loss)		162,320	(424,225)
Interest receivable and similar income	4	486	4,189
Interest payable and similar charges	5	(30,832)	(93,367)
Profit (loss) on ordinary activities before taxation	2	131,974	(513,403)
Tax (charge)/credit on ordinary activities	6	(146,634)	56,000
Loss for the financial period		(14,660)	(457,403)
Accumulated deficit, brought forward		(3,685,443)	(3,228,040)
Accumulated deficit, carried forward		(3,700,103)	(3,685,443)

The accompanying notes are an integral part of these statements.

All activities during the year are continuing.

Statement of total recognised gains and losses

For the year ended 1 April 1995 (Note 1a)

There were no gains or losses for the year other than the retained losses of £457,403 for the period ended 2 April 1994 and the retained loss of £14,660 for the period ended 1 April 1995.

Balance sheet

1 April 1995

	Notes	1 April 1995 £	2 April 1994 £
Fixed assets			
Tangible assets	7	2,442,725	2,494,370
Investments	8	2,585	2,585
		<u>2,445,310</u>	<u>2,496,955</u>
Current assets			
Stocks	9	1,994,901	2,129,938
Debtors	10	1,772,687	2,028,614
Cash at bank and in hand	11	420,403	178,000
		<u>4,187,991</u>	<u>4,336,552</u>
Creditors: Amounts falling due within one year	12	<u>(1,711,954)</u>	<u>(2,918,500)</u>
Net current assets		<u>2,476,037</u>	<u>1,418,052</u>
Total assets less current liabilities		<u>4,921,347</u>	<u>3,915,007</u>
Creditors: Amounts falling due after more than one year	13	<u>(4,000,000)</u>	<u>(3,000,000)</u>
Provisions for liabilities and charges	14	<u>(21,000)</u>	<u>-</u>
Net assets		<u>900,347</u>	<u>915,007</u>
Capital and reserves			
Called-up share capital	15	4,600,450	4,600,450
Profit and loss account		<u>(3,700,103)</u>	<u>(3,685,443)</u>
Shareholders' funds	15	<u>900,347</u>	<u>915,007</u>

Signed on behalf of the Board

R.E. Sexton



Director

25 May 1995

The accompanying notes are an integral part of this balance sheet.

Notes to accounts

1 April 1995

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, and with the preceding period, is set out below.

a) *Basis of accounting*

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards for the year. The previous period covered the 53 weeks ended 2 April 1994. The company is a wholly-owned subsidiary of Storehouse PLC, incorporated in the European Community, and the directors have elected, as permitted by the Companies Act 1985, not to prepare group accounts.

b) *Turnover*

Turnover comprises the value of sales (excluding VAT and net of trade discounts) of goods in the normal course of business. All sales arise in the UK from the company's only activity which is the merchandising and retailing of men's clothing.

c) *Tangible fixed assets*

Tangible fixed assets are shown at historical cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Leasehold land and buildings	over the unexpired term of the lease
Fixtures, fittings and equipment	5 years
Motor vehicles	4 years

d) *Stocks*

Stocks are stated at the lower of cost and net realisable value.

e) *Deferred taxation*

Deferred taxation is provided on the excess of capital allowances over book depreciation and in respect of short term timing differences to the extent that the directors are of the opinion that such tax will become payable in the foreseeable future.

f) *Foreign currencies*

Transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated into local currency at the rates ruling at each balance sheet date except where these monetary assets and liabilities will be settled after the balance sheet date at a predetermined sterling value. Resulting exchange gains or losses are included in trading profit.

Notes to accounts (continued)

1 Accounting policies (continued)

g) Investments

The company's investment in its subsidiary undertaking is stated at cost less amounts written off.

h) Pensions

The cost of providing pensions is calculated using actuarial valuation methods which reflect the long-term costs.

The amount charged to the profit and loss account is calculated so as to produce a substantially level percentage of the current and future pensionable payroll. Variations from the regular cost so calculated are allocated to the profit and loss account over the average remaining service lives of employees.

i) Leases

The company enters into operating leases as described in note 16.

j) Cash flow statement

Under the provisions of Financial Reporting Standard No. 1, the company has not presented a statement because it is a wholly owned subsidiary of Storehouse PLC, which has prepared consolidated group accounts which include the results of the company and which contain a cash flow statement.

2 Profit (loss) on ordinary activities before taxation

Profit (loss) on ordinary activities before taxation is stated after charging:

	Year ended 1 April 1995 £	Period ended 2 April 1994 £
a) Depreciation	374,651	449,879
b) Operating lease rentals	2,181,772	2,405,491
c) Audit fee	15,000	13,199
d) Staff costs (see note 3)	2,907,508	2,955,532
e) Store closure costs	<u>74,000</u>	<u>362,914</u>

Notes to accounts (continued)

3 Staff costs

Particulars of employees (including executive directors) are shown below.

	Year ended 1 April 1995 £	Period ended 2 April 1994 £
Employee costs during the year amounted to:		
Wages and salaries	2,651,727	2,557,403
Social security costs	233,446	240,153
Pension costs	-	20,776
Bonuses	22,385	137,200
	<u>2,907,558</u>	<u>2,955,532</u>

The average weekly number of persons employed by the company (including directors) during the year was as follows:

	Year ended 1 April 1995 Number employed	Year ended 1 April 1995 Full-time equivalent	Period ended 2 April 1994 Number employed	Period ended 2 April 1994 Full-time equivalent
Distribution and marketing	167	130	183	143
Administration and management	49	49	48	48
	<u>216</u>	<u>179</u>	<u>231</u>	<u>191</u>

Directors' remuneration:

Directors' remuneration was paid in respect of directors of the company as follows:

	1 April 1995 £	2 April 1994 £
Other emoluments (including pension contributions)	254,921	199,378
Compensation for loss of office	50,000	-
	<u>304,921</u>	<u>199,378</u>

Notes to accounts (continued)

3 Staff costs (continued)

Directors' remuneration shown above (excluding pensions and pension contributions) included:

	1 April 1995 £	2 April 1994 £
Highest paid director	<u>85,513</u>	<u>54,141</u>

Directors received emoluments (excluding pensions, pension contributions and compensation for loss of office) in the following ranges:

	Year ended 1 April 1995 Number	Period ended 2 April 1994 Number
£ 5,001 - £ 10,000	1	-
£ 20,001 - £ 25,000	-	1
£ 30,001 - £ 35,000	1	-
£ 45,001 - £ 50,000	1	-
£ 50,001 - £ 55,000	-	3
£ 80,001 - £ 85,000	1	-
£ 85,001 - £ 90,000	<u>1</u>	<u>-</u>

The above figures for emoluments do not include any amount for the value of share options granted to or held by directors. Details of the options are given in the directors' report.

4 Interest receivable and similar income

	Year ended 1 April 1995 £	Period ended 2 April 1994 £
Interest receivable	<u>486</u>	<u>4,189</u>

Notes to accounts (continued)

5 Interest payable and similar charges

Interest payable represents:

	Year ended 1 April 1995 £	Period ended 2 April 1994 £
Interest payable on loans and bank overdrafts: - repayable within 5 years, not by instalments	30,832	93,367

6 Tax charge/(credit) on ordinary activities

	Year ended 1 April 1995 £	Period ended 2 April 1994 £
Corporation tax at 33% (1994 - 33%)	43,634	(22,000)
Deferred tax	103,000	(34,000)
	<u>146,634</u>	<u>(56,000)</u>

7 Tangible fixed assets

	Leasehold land and buildings £	Fixtures fittings and equipment £	Motor vehicles £	Total £
Cost				
Beginning of year	2,559,800	1,726,489	17,619	4,303,908
Additions	16,014	381,529	-	397,543
Disposals	-	(302,388)	-	(302,388)
End of year	<u>2,575,814</u>	<u>1,805,630</u>	<u>17,619</u>	<u>4,399,063</u>
Depreciation				
Beginning of year	(753,977)	(1,037,942)	(17,619)	(1,809,538)
Charge for period	(144,441)	(230,210)	-	(374,651)
Disposals	-	227,851	-	227,851
End of year	<u>(898,418)</u>	<u>(1,040,301)</u>	<u>(17,619)</u>	<u>(1,956,338)</u>
Net book value				
Beginning of year	<u>1,805,823</u>	<u>688,547</u>	<u>-</u>	<u>2,494,370</u>
End of year	<u>1,677,396</u>	<u>765,329</u>	<u>-</u>	<u>2,442,725</u>

Notes to accounts (continued)

8 Investments

	£
Cost at 2 April 1994 and 1 April 1995	<u>2,585</u>

The company owns 100% of the issued share capital of Dehavilland Limited, a dormant company, registered in England and Wales.

9 Stocks

The following are included in the net book value of stocks:

	1 April 1995 £	2 April 1994 £
Finished goods for resale	1,994,901	2,129,938
	<u>1,994,901</u>	<u>2,129,938</u>

The replacement cost of stocks is not considered to be materially different from the balance sheet value.

10 Debtors

The following are included in debtors, all amounts falling due within one year:

	1 April 1995 £	2 April 1994 £
Trade debtors	15,638	2,527
Amounts due from other group undertakings	1,158,986	1,294,653
Other debtors	69,495	67,870
Prepayments	528,568	663,564
	<u>1,772,687</u>	<u>2,028,614</u>

11 Cash at bank and in hand

	1 April 1995 £	2 April 1994 £
Cash at bank	<u>420,403</u>	<u>178,000</u>

Cash at bank includes £194,250 in separate rent deposit accounts. The cash in these accounts is restricted by the terms of these lease agreements.

Notes to accounts (continued)

12 Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	1 April 1995 £	2 April 1994 £
Bank overdraft	-	1,110,303
Trade creditors	916,212	913,998
Amount owed to parent company	71,803	37,805
Amount owed to subsidiary undertaking	62,351	62,351
Amounts owed to other group undertakings	111,419	182,443
Social security and other taxes	455,564	195,802
Other creditors and accruals	94,605	415,798
	<u>1,711,954</u>	<u>2,918,500</u>

13 Creditors: Amounts falling due after more than one year

The following amounts are included in creditors falling due after more than one year:

	1 April 1995 £	2 April 1994 £
Loan from parent company	<u>4,000,000</u>	<u>3,000,000</u>

14 Deferred taxation

The movement on deferred taxation comprises:

	1 April 1995 £	2 April 1994 £
Balance at beginning of year	82,000	-
(Charged) credited to profit and loss in respect of		
- capital allowances	(103,000)	34,000
- reclassification from current taxation	-	48,000
Balance at end of year	<u>(21,000)</u>	<u>82,000</u>

The deferred tax asset of £82,000 is included within amounts due from group undertakings as at 2 April 1994.

Notes to accounts (continued)

15 Called-up share capital and reconciliation of the movement in shareholders' funds

	1 April 1995 £	2 April 1994 £
Called-up share capital		
<i>Authorised</i>		
Ordinary shares of £1 each	1,000,000	1,000,000
Redeemable shares of £1 each	4,500,000	4,500,000
<i>Allotted, called-up and fully-paid</i>		
Ordinary shares of £1 each	100,450	100,450
Redeemable shares of £1 each	4,500,000	4,500,000
	<u>4,600,450</u>	<u>4,600,450</u>
 Reconciliation of the movement in shareholders' funds		
	1 April 1995 £	2 April 1994 £
Loss for the financial year	(14,660)	(457,403)
Opening shareholders' funds	915,007	1,372,410
Closing shareholders' funds	<u>900,347</u>	<u>915,007</u>

16 Guarantees and other financial commitments

a) Capital commitments

At the end of the year, capital commitments were:

	1 April 1995 £	2 April 1994 £
Contracted for but not provided for	217,000	18,000
Authorised but not contracted for	205,000	89,000
	<u>422,000</u>	<u>107,000</u>

Notes to accounts (continued)

16 Guarantees and other financial commitments (continued)

b) Lease commitments

The company leases certain land, buildings and motor vehicles on short term leases. The rents payable under these leases are subject to renegotiation at various intervals specified in the leases.

The minimum annual rentals payable in the following year under the foregoing leases are as follows:

	1 April 1995 £	2 April 1994 £
Motor vehicles:		
Operating leases which expire		
- within 1 year	-	43,824
- within 2-5 years	66,140	33,837
	<u>66,140</u>	<u>77,661</u>
	£	£
Land and buildings:		
Operating leases which expire		
- within 1 year	25,000	25,000
- within 2-5 years	465,700	229,500
- after 5 years	1,731,486	2,155,886
	<u>2,222,186</u>	<u>2,410,386</u>

c) Pension arrangements

The Storehouse Group operates a number of defined benefit pension schemes for its UK employees, including Blazer's employees. The majority of the assets of each of the schemes including those for Blazer employees are held in a separate trustee Common Investment Fund. The pension costs relating to the scheme were assessed in accordance with the advice of qualified actuaries using primarily the projected unit and current unit methods. The latest actuarial valuations were carried out on 1 April 1994.

The assumptions which have the most significant effect on the results of the valuations are set out below:

Rate of return on investments	9%
Rate of increase in salaries	7% - 8%
Rate of increase in pensions	4.5%

Notes to accounts (continued)

16 Guarantees and other financial commitments (continued)

c) Pension arrangements (continued)

The aggregate market value of the investments at 1 April 1994 was £292.6 million and the actuarial values were sufficient to cover between 130 per cent and 165 per cent (average 138 per cent) of the benefits that had accrued to members after allowing for expected future increases in earnings. The surpluses are being spread forward over the remaining service lives of current employees of between 6 and 16 years.

The total group pension scheme cost for the company is £nil (1994 - £11,760) and includes a credit of £85,123 (1994 - £36,289) in respect of the amortisation of pension surpluses arising in prior years which are now being allocated over the remaining estimated service lives of employees of between 6 and 16 years.

For the protection of members' interests, the Group has appointed three Trustees, two of whom are independent of the company. To maintain this independence, the Trustees and not the Group are responsible for appointing their own successors.

17 Contingent liability

Under the group banking arrangement, the company is a party to set-off against other Storehouse group member bank accounts.

18 Ultimate parent company

The Company is a wholly-owned subsidiary undertaking of Storehouse PLC, registered in England. Storehouse PLC, the parent company, heads the only group in which the results of the company are consolidated. The consolidated accounts of that group are available to the public and may be obtained from Marylebone House, 129-137 Marylebone Road, London NW1 5QD.