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S&U STORES LIMITED



**Directors Report and
Statement of Accounts 1981**

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Financial Calendar 1981/82

Annual General Meeting	27th July
Announcement of Results: Half Year to 31st July Year to 31st January	October/November June/July
Payment of Dividends: Preference Shares	30th September and 31st March

Directors and Officers

Directors

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

Secretary

J. Ambler, B.Com.

Auditors

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

Registrars

Spicer and Pogler (Registrars Department)
Newwater House
11, Newhall Street
Birmingham B3 3NY

Solicitors

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

Registered Office

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

Notice of Meeting

Notice is hereby given that the forty-third annual general meeting of S. & U. Stores Limited will be held at the Birmingham Chamber of Commerce and Industry, 75 Harborne Road, Birmingham B15 3DH on Monday, 27th July 1981 at 3.00 p.m. for the following purposes:

1. To receive the Statement of Accounts for the year ended 31st January 1981 together with the reports of the Directors and Auditors.
2. To re-elect one Director.
3. To appoint Auditors.
4. To authorise the Directors to agree the remuneration of the Auditors.
5. To transact any other business of an Annual General Meeting.

By Order of the Board

J. Ambler

Secretary

51/53 Edgbaston Street
Birmingham B5 4QH
3rd July 1981

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% cumulative preference shares are not entitled to attend or vote in respect of these shares at this annual general meeting.
3. There will be available for inspection at the registered office during usual business hours from the date of this notice until the date of the annual general meeting a statement regarding all contracts of service whereunder the directors were employed by the company or any of its subsidiary companies as at 3rd July 1981.

This statement will also be available for inspection during the annual general meeting and for fifteen minutes before it begins.

The register of the directors' interests required to be kept under the Companies Act 1967 will be available for inspection at the annual general meeting.

Chairman's Report

Turnover:

Group turnover for the year to 31st January 1981 is £26.185m as compared with £25.496m for the past year. Profit for the year is £569,000 (£863,000 1979/80). Additionally there is an exceptional profit of £74,000 which relates to the recovery on some credit sale and hire purchase debtors previously written off. The majority of the exceptional profit was achieved in the first half and currently this is so minimal that we do not propose to include it as a separate contribution in the current financial year.

Appropriations:

Gearing has again improved and the percentage of overdrafts and loans to shareholders' funds less goodwill is approximately 62% at the year end as compared with 84% last year. Net borrowings in 1980 were £2.982m in relation to shareholders' funds of £3.553m; this year net borrowings are further reduced to £2.573m and the shareholders' funds have increased to £4.127m.

However, in view of the reduced profits, particularly in the second half of the year and the economic climate generally, it is still not your directors' intention to recommend any restoration of dividend.

Balance Sheet:

The strength of the balance sheet continues to improve. The consolidated balance sheet shows net assets of £4.712m as compared with £4.237m in the previous year. The net current assets, which only two years ago were in deficit, have further improved and there is now a surplus of nearly £1.5m.

Subsidiaries:

The second half trading for most companies has, not suprisingly, been below last year. In the circumstances, the consumer credit companies have performed satisfactorily against a background of sluggish sales and rising costs. The loss on manufacturing of £87,000 reflects the general malaise of manufacturing throughout the UK economy.

Current Cost Accounting:

This year we have not produced current cost accounting figures since we considered it more important to produce our accounts earlier than in previous years. The CCA figures will be shown for the current financial year.

Customers:

Our customers are a paramount factor in the continuing strength of our business and to them we express our sincere appreciation.

Trade :

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

Staff :

The mainstream of our activity is consumer credit. As a consequence we have to be very mindful of consumer credit legislation. With a large labour force dealing directly with the public, we have achieved a standard of business behaviour in terms of our controls, procedures and staff training which is very satisfying to your Board of Directors. Our employees must also take credit for their co-operation and support.

We have a large number of long-serving staff. Some members have been with us for nearly 40 years. The fact that we have more long-serving employees than most other companies is, a measure of the good working relationship which exists throughout the group.

Conclusion :

While the year under review has been disappointing, the results cannot be separated from the downturn of the economy as a whole. In a difficult year we have done better than most but not as well as we would wish. This year it would be unrealistic to expect any increase in profitability but, of course, it all depends on what happens in the second half and that could change significantly.

Derek M. Coombs

Chairman

51/53 Edgbaston Street
Birmingham B5 4QH

July 1981

Directors' Report

The directors have pleasure in submitting their annual report together with the audited accounts for the year ended 31st January 1981.

Profits and dividends

The results for the year and the dividends paid are shown in the consolidated profit and loss account on page 8.

Activities

The principal activity of the group is consumer credit with outlets throughout England and Wales. The Group also operates retail cash trading units and manufactures men's clothing and hosiery in which it has some export activity.

Directors

The directors during the year are as listed on page 2.

Mr. C. K. Coombs retires from the board by rotation and being eligible offers himself for re-election.

The directors' interests are as follows:—

	At 31st January 1981		At 31st January 1980	
	Preferred Ordinary	Ordinary	Preferred Ordinary	Ordinary
D. M. Coombs				
Beneficial interests	—	1,746,272	—	677,300
As trustee	—	—	—	1,861,944
C. K. Coombs				
Beneficial interests	12,025	1,724,072	12,025	699,950
As trustee	—	—	—	1,861,944

Between the 31st January 1981 and the 9th June 1981 the following changes in directors interests have been noted.

D. M. Coombs acquired a beneficial interest in 5,000 preferred ordinary shares.

C. K. Coombs acquired a beneficial interest in a further 5,000 ordinary shares.

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.

Employees

The average weekly number of employees during the year was 1,028 including 71 part time, and their aggregate remuneration for the year was £4,281,085.

Substantial share interests

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

Ordinary Shares	Serjeants' Inn Nominees	1,500,000 shares (17.05%)
	Aranoaville Investments Limited	500,000 shares (5.68%)

Cumulative participating preferred ordinary shares

Scottish Amicable Life Assurance Society 410,000 shares (11.39%)

Other than the directors' interests mentioned above, there are no other share interests in excess of 5% of the class of share capital concerned.

Exports

The value of goods exported directly from the United Kingdom amounted to £262,693.

Capital expenditure

The changes in the group's fixed assets are shown in the note on page 13.

Close company

Your directors are advised that the company is not a close company within the meaning of the Income and Corporation Taxes Act 1970.

Auditors

The auditors, Messrs. Coxen, Fine and Co., Chartered Accountants, have indicated their willingness to be re-appointed.

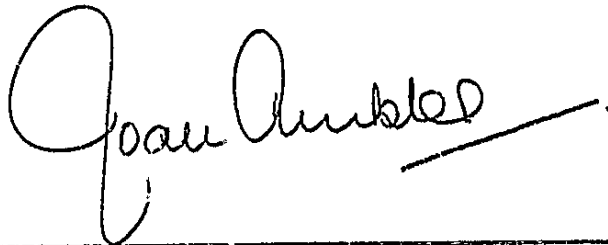
By Order of the Board

J. Ambler

Secretary

51/53 Edgbaston Street
Birmingham B5 4QH

5th June 1981



Auditors' Report

To the members of S. & U. Stores Limited

We have audited the accounting records of S. & U. Stores Limited and its subsidiaries for the year ended 31st January 1981. The accounts and notes thereto on pages 8 to 15, which have been drawn up under the historical cost convention, modified by the re-valuation of certain assets have been properly prepared in accordance with the provisions of the Companies Acts 1948 to 1980.

In our opinion, the accounts give, under the historical cost convention, a true and fair view of the state of affairs of the company, and of the state of affairs, profit and source and application of funds of the group.

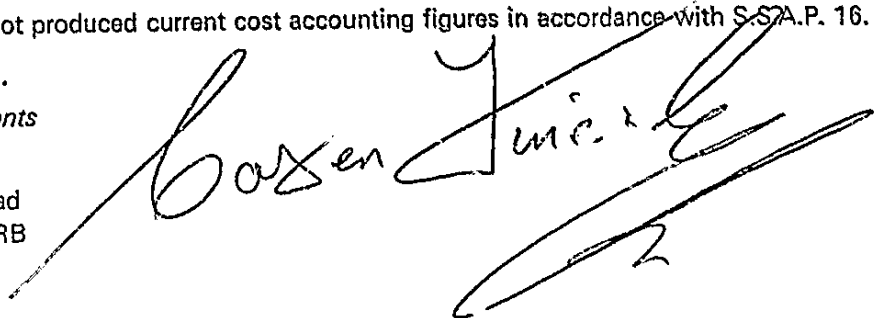
The company has not produced current cost accounting figures in accordance with S.S.A.P. 16.

Coxen, Fine & Co.

Chartered Accountants

Hamilton House
57/59 Warwick Road
Birmingham B11 4RB

9th June 1981



Group Profit and Loss Account

for the year ended 31st January 1981

		1981	1980
	Note	£000	£000
Turnover	5	<u>26,185</u>	<u>25,496</u>
Profit for the year before interest	2	1,071	1,424
<i>Deduct</i> interest	3	<u>502</u>	<u>561</u>
Profit for the year on trading	5	569	863
Recovery on credit sale and hire purchase debtors		<u>74</u>	<u>303</u>
	6	643	1,166
<i>Deduct</i> losses on property sales		<u>61</u>	<u>354</u>
		582	812
<i>Deduct</i> dividend on cumulative preference shares		<u>8</u>	<u>8</u>
Balance transferred to reserves		<u>574</u>	<u>804</u>
Earnings per ordinary share	7	4.59p	6.69p

Balance Sheets

at 31st January 1981

	Note	Group		S. & U. Stores Ltd.	
		1981 £000	1980 £000	1981 £000	1980 £000
Assets employed:					
Fixed assets					
Properties	8	2,592	2,784	1,347	1,445
Fixtures, plant and vehicles	8	707	657	369	394
		<u>3,299</u>	<u>3,441</u>	<u>1,716</u>	<u>1,839</u>
Shares in subsidiaries at cost less amounts written off		—	—	3,924	3,947
		<u>3,299</u>	<u>3,441</u>	<u>5,640</u>	<u>5,786</u>
Current assets					
Stocks	9	435	471	131	158
Debtors: External Group		5,000	4,678	2,755	2,526
		—	—	1,155	1,191
		<u>5,435</u>	<u>5,149</u>	<u>4,041</u>	<u>3,875</u>
Current liabilities					
Creditors		2,034	2,065	1,280	1,212
Overdrafts	10	1,988	2,298	2,143	2,706
		<u>4,022</u>	<u>4,363</u>	<u>3,423</u>	<u>3,918</u>
Net current assets		<u>1,413</u>	<u>796</u>	<u>618</u>	<u>(43)</u>
		<u>4,712</u>	<u>4,237</u>	<u>6,258</u>	<u>5,743</u>
Financed by:					
Share capital	11	1,750	1,750	1,750	1,750
Reserves	12	3,923	3,349	3,923	3,348
		<u>5,673</u>	<u>5,099</u>	<u>5,673</u>	<u>5,098</u>
Loan	13	—	39	—	—
Unsecured loans from directors	4	585	645	585	645
		<u>6,258</u>	<u>5,783</u>	<u>6,258</u>	<u>5,743</u>
<i>Deduct excess of cost of shares in subsidiaries over net book value at dates of acquisition</i>		1,546	1,546	—	—
Approved by the directors 9th June 1981.		<u>4,712</u>	<u>4,237</u>	<u>6,258</u>	<u>5,743</u>
D. M. Coombs } C. K. Coombs } Directors					

Source and Application of Group Funds

for the year ended 31st January 1981

Source of funds	1981		1980	
	£000	£000	£000	£000
Profit for the year on trading		569		863
Depreciation which is charged in arriving at the profit		235		216
Recovery on credit sale and hire purchase debtors		74		303
Proceeds of disposals of fixed assets		172		570
		<u>1,050</u>		<u>1,952</u>
Application of funds				
Capital expenditure		326		457
Dividends paid		8		8
Reduction in loan capital		39		5
Decrease in loans from directors		60		(150)
Increase in working capital:				
Decrease in stocks	(36)		(282)	
Increase in debtors excluding exceptional provision	322		662	
Decrease in creditors	21		456	
		<u>307</u>	<u>836</u>	
		<u>740</u>	<u>1,156</u>	
Net inflow of cash during year		<u>310</u>	<u>796</u>	
Reconcilable as follows:				
Opening overdrafts		2,298		3,094
Closing overdrafts		1,988		2,298
		<u>310</u>		<u>796</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 to 31st January 1981 and are consistent with previous years.

A 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.

B Stocks

Stocks which include goods held on approval by agents have been valued at the lower of cost and estimated realisable value. The cost of goods manufactured within the group comprises materials, labour and related overheads.

C Debtors

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

D Fixed assets

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

All leaseholds	over the terms of the lease
Freehold properties	1% per annum
Fixtures and plant	15% per annum
Vehicles	25% per annum

A full year's depreciation charge is made in the year of acquisition, but no charge is made in the year of disposal.

E 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.

F Repairs and renewals

Expenditure on repairs and renewals is written off in the year in which it is incurred.

	1981 £000	1980 £000
2. Profit for the year before interest		
The following have been charged in arriving at the profit for the year:		
Depreciation	235	216
Leasing and hire charges	125	128
Directors' emoluments for management services	44	43
Auditors' remuneration	20	20
	<u> </u>	<u> </u>

	1981 £000	1980 £000
3. Interest		
On bank overdrafts	495	553
On loans	7	8
	<u> </u>	<u> </u>
	<u>502</u>	<u>561</u>

Notes on the Accounts (continued)

	1981 £	1980 £
4. Emoluments of directors (excluding pension contributions)		
Joint chairmen	<u>30,000</u>	<u>28,666</u>
Number of other directors receiving emoluments in the following ranges were:		
Up to £5,000	1	1
£10,001 to £15,000	1	1

5. Turnover and profits

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

	1981 £000	1980 £000
Consumer credit	25,160	23,386
Retail cash trading	197	214
Manufacturing	828	1,896
	<u>26,185</u>	<u>25,496</u>
Profits for the year on trading were:		
Consumer credit	663	1,011
Retail cash trading	(7)	1
Manufacturing	(87)	(149)
	<u>569</u>	<u>863</u>

6. Taxation

A There is no liability for corporation tax on the results of the year (1980 £Nil). In addition there are approximately £0.5 million (1980 £1.2 million) of losses to be carried forward and set off against profits in future years.

B No provision has been made for deferred taxation in accordance with the accounting policy set out in note 1E. Any potential liability for deferred taxation at 31st January 1981 is offset by losses carried forward.

7. Earnings per share

Earnings per share is calculated on 12,400,896 ordinary and preferred ordinary shares in issue, and on the following profit

	1981 £000	1980 £000
Profit for the year on trading	569	863
Less cumulative preference dividend	8	8
	<u>561</u>	<u>855</u>

8. Fixed assets	Group		S. & U. Stores Ltd.	
	1981 £000	1980 £000	1981 £000	1980 £000
Properties				
Valuation and cost at 31st January 1980	2,826	3,577	1,464	1,736
Disposals	(168)	(751)	(85)	(272)
	<u>2,658</u>	<u>2,826</u>	<u>1,379</u>	<u>1,464</u>
Depreciation at 31st January 1980	42	17	19	7
Provision for the year	26	27	13	14
Disposals	(2)	(2)	—	(2)
	<u>66</u>	<u>42</u>	<u>32</u>	<u>19</u>
Book value at 31st January 1981	<u>2,592</u>	<u>2,784</u>	<u>1,347</u>	<u>1,445</u>
Freehold	2,591	2,783	1,346	1,444
Leasehold - Under 50 years	1	1	1	1
	<u>2,592</u>	<u>2,784</u>	<u>1,347</u>	<u>1,445</u>

Freehold properties were professionally valued at 31st March 1973 at £2,500,382. Additions since are at cost.

Fixtures, plant and vehicles				
Cost at 31st January 1980	1,428	1,364	838	619
Additions	326	457	120	298
Disposals	(143)	(393)	(81)	(79)
	<u>1,611</u>	<u>1,428</u>	<u>877</u>	<u>838</u>
Depreciation at 31st January 1980	771	800	444	374
Provision for the year	209	189	110	119
Disposals	(76)	(218)	(46)	(49)
	<u>904</u>	<u>771</u>	<u>508</u>	<u>444</u>
Book value at 31st January 1981	<u>707</u>	<u>657</u>	<u>369</u>	<u>394</u>

9. Stocks	1981 £000	1980 £000
Raw materials	59	75
Work in progress	45	73
Finished stock	331	323
	<u>435</u>	<u>471</u>

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

Notes on the Accounts *(continued)*

10. Overdrafts

The group's bankers have fixed charges on certain properties and floating charges on the company and subsidiary companies to secure moneys which are or may become due. The company has given the group's bankers inter-company guarantees.

11. Share capital	1981		1980	
	Authorised £000	Issued and Fully Paid £000	Authorised £000	Issued and Fully Paid £000
4.2% Cumulative preference shares of £1 each	200	200	200	200
17.5% Cumulative participating preferred ordinary shares of 12½p each	700	450	700	450
Ordinary shares of 12½p each	1,100	1,100	1,100	1,100
	<u>2,000</u>	<u>1,750</u>	<u>2,000</u>	<u>1,750</u>

The cumulative participating preferred ordinary shares carry one vote for every ten shares held, the ordinary shares each carry one vote. Dividends on cumulative participating preferred ordinary shares amounting to £441,142 have to be discharged before the company can pay a dividend on the ordinary shares.

12. Reserves

Reserves at 31st January 1980
Transfer from profit and loss account
Investment in subsidiaries written off

	Group £000	S. & U. Stores Limited £000
Reserves at 31st January 1980	3,349	3,348
Transfer from profit and loss account	574	598
Investment in subsidiaries written off	—	(23)
	<u>3,923</u>	<u>3,923</u>
Made up as follows:	2,277	2,277
Share premium account	1,646	1,646
Other reserves	<u>3,923</u>	<u>3,923</u>

13. Loan

Secured by Mortgage:-
Lombard North Central Limited

1981 £000	1980 £000
—	39
<u>—</u>	<u>39</u>

14. Loans from directors

Loans from directors are unsecured, interest free and have no fixed date for repayment

1981 £000	1980 £000
585	645
<u>585</u>	<u>645</u>

15. Capital commitments and contingent liabilities

There were no capital commitments contracted for or sanctioned at 31st January 1981 (1980 Nil).
At 31st January 1981 there were no contingent liabilities (1980 Nil).

Principal Group Companies

and their Activities

Consumer credit

S. & U. Stores Limited

S. D. Taylor Limited

Wilson Tupholme Limited

Stanlor Finance and Loans Limited

Stanlor Finance and Loans (Hanley) Limited

Stanlor Finance and Loans (Sheffield) Limited

Retail cash trading

Annette (Wolverhampton) Limited

F. Goodwin & Son Limited

Sartorial Shops Limited

Tweedies (Sports Centres) Limited

Manufacturing

M. Appleton & Co. Limited

Geoffrey Hughes Limited

A. E. Holt (Leicester) Limited

The whole of the issued share capital of the above subsidiary companies is beneficially owned by S. & U. Stores Limited.

Five Year Financial Statement

	1977	1978	1979	1980	1981
	£000	£000	£000	£000	£000
Profit before interest	594	1,067	1,363	1,424	1,071
Interest	740	535	479	561	502
Profit on trading	(146)	532	884	863	569
Exceptional items	—	—	(3,158)	303	74
	(146)	532	(2,274)	1,166	643
Extraordinary items	—	—	(73.2)	(354)	(61)
	(146)	532	(3,006)	812	582
Funds					
Preference capital	200	200	200	200	200
Preferred ordinary capital	450	450	450	450	450
Ordinary capital	1,100	1,100	1,100	1,100	1,100
Reserves less goodwill	4,259	4,013	999	1,803	2,377
Shareholders' funds	6,009	5,763	2,749	3,553	4,127
Loan	52	48	44	39	—
Loans from directors	398	398	495	645	585
Total funds	6,459	6,209	3,288	4,237	4,712
Fixed assets	4,625	4,190	4,124	3,441	3,299
Current assets	8,556	7,926	4,769	5,149	5,435
	13,181	12,116	8,893	8,590	8,734
Less current liabilities	6,722	5,907	5,605	4,353	4,022
Capital employed	6,459	6,209	3,288	4,237	4,712