

**Fortnum & Mason Plc**  
**(Registered number 84909)**

**Directors' report and Consolidated Financial Statements**  
**For the 52 week period ended 12 July 2015**

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**Fortnum & Mason Plc**  
**52 week period ended 12 July 2015**

<b>Contents</b>	<b>Page</b>
Strategic report	3
Directors' report	6
Independent auditors' report	9
Consolidated profit and loss account	11
Consolidated balance sheet	12
Company balance sheet	13
Notes to the financial statements	14

# Fortnum & Mason Plc

## 52 week period ended 12 July 2015

### Strategic report

The Directors present their strategic report on the group for the 52 week period ended 12 July 2015.

#### Principal activities

Fortnum & Mason was founded in 1707. It is a multichannel retail business with four principal activities: the retail operations in the world famous Piccadilly store; a hospitality division incorporating the restaurants in the Piccadilly store, private functions and external events; the direct shopping operation focusing on sales through the internet and brochures; and an international licensed, travel retail and wholesale operation.

#### Strategy

Our growth strategy is to build a sustainable and profitable business through:

- Providing an exceptional customer experience through all channels
- Continuing to develop our product offerings
- Developing our digital and international businesses
- Investing in our people, property and systems

#### Business review and results

Turnover for the 52 weeks ended 12 July 2015 grew by 19% to £88.8 million (2014: £74.4 million) and profit on ordinary activities before taxation increased by 31% to £5.0 million (2014: £3.8 million). The improved performance was a result of strong trading through our stores, restaurants and online with the emphasis on excellent customer service and outstanding products and menus, along with continued improvement in product margin. The business also benefited from continued capital investment including the opening of a company run store in Heathrow Terminal 5, refurbishment of our beauty floor at Piccadilly and new website.

We continue to invest for the long term growth of the business with capital investment twice that of last year at £8.9 million (2014: £4.0 million) whilst driving further improvements in working capital with stock held 25% lower than last year.

The financial statements on pages 11 to 28 record the results of Fortnum & Mason Plc and its subsidiary undertakings.

#### Dividends

The Directors do not propose the payment of a dividend for the period (2014: £nil).

#### Outlook

Sales growth in the current financial period has continued to be positive and the directors believe that the Company is well positioned to make further progress. In recent weeks, a new prestigious restaurant 45 Jermyn Street has opened in St James's, London, adding to our customer experience at our flagship store in Piccadilly, supplemented by stores at St Pancras, Heathrow Terminal 5 and Dubai, and other collaborations around the world, all underpinned by our [www.fortnumandmason.com](http://www.fortnumandmason.com) website.

# Fortnum & Mason Plc

## 52 week period ended 12 July 2015

### Strategic report (continued)

#### Principal business risks

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to a downturn in the economy leading to reduced domestic and tourist spending, competition from both national and independent retailers, and the threat of terrorism in London.

These are addressed through developing our global strategy through appropriate due diligence of new markets, territories, customer trends and financial modelling.

#### Financial risk management

In addition, the company is exposed to a variety of financial risks that include credit, currency and interest rate risks. The company has in place established procedures and authority levels to control cash levels and manage the key financial risks to which the company is exposed.

#### *Credit risk*

The company has implemented policies that require appropriate credit checks on all potential customers before credit facilities are provided.

#### *Currency risk*

The company invoices its exports only in sterling. Direct imports, which represent 13% of purchases (2014: 12%), are, where the company considers the cost of these is justified by the potential currency movement, covered by forward foreign exchange contracts or bank accounts denominated in currencies other than sterling.

The fair value of forward contracts outstanding at the period-end was £2.3 million (2014: £0.9 million). At 12 July 2015 the company had outstanding non-sterling short-term creditors, predominantly in Euros of £0.1m (2014: £0.5m).

#### *Interest rate cash flow risk*

Interest on short term cash deposits is based on money market rates.

At 12 July 2015 and during the period then ended the company had no interest bearing financial liabilities (2014: none).

Interest bearing sterling cash deposits at the period-end were £9.7 million (2014: £12.3 million) at an interest rate of 0.5% (2014: 0.5%).

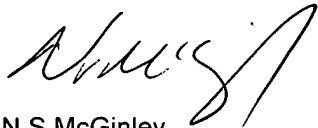
**Fortnum & Mason Plc**  
**52 week period ended 12 July 2015**

**Strategic report (continued)**

**Key performance indicators**

Management use a range of financial and non-financial performance indicators to manage the business. These are derived from all areas of the business and include sales and profit growth by channel of distribution, sales productivity, buying and achieved gross margins along with staff productivity ratios, stock ratios and service levels.

The strategic report was approved by the Board of Directors on 22 October 2015 and signed on its behalf by:



N S McGinley  
Company Secretary

22 October 2015

# **Fortnum & Mason Plc**

## **52 week period ended 12 July 2015**

### **Directors' report**

#### **Directors**

The Directors of the company who were in office during the period and up to the date of signing the financial statements were:

Mrs A C Hobhouse	(Chairman)
Mr E A Venters	(Chief Executive)
Mrs J R Khayat	(Resigned 12 July 2015)
Mr M E Metcalf	(Resigned 10 March 2015)
Mrs M S Wikstrom	
Mr S R Vincent	
Mr G J Weston	(Appointed 13 July 15)
Mr N S McGinley	

#### **Directors' indemnities**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The Company also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

#### **Environmental policy**

The company is conscious of its position and role within the community and is committed to continually improving its environmental performance.

In meeting this objective, the company's environmental policy is intended to satisfy all appropriate legislation and the need to conform to good industry practice. In addition, full consideration is given to:

- responsible use of raw materials and conservation of resources;
- efficient use of energy in all operations;
- use of packaging materials and processes that minimise demands on non-renewable resources;
- minimising emissions into the air, water courses or as waste;
- the environmental impact of the new capital investments; and
- the impact of suppliers on environmental issues.

The policy is subject to regular review, incorporating new objectives as appropriate.

#### **Sourcing**

The company is committed to sourcing products with full traceability of ingredients and components where applicable. Where possible and appropriate, products are sourced from British suppliers, and active support is given to small, artisanal and often family-based concerns.

# **Fortnum & Mason Plc**

## **52 week period ended 12 July 2015**

### **Directors' report (continued)**

#### **Employee involvement**

The company formally communicates with its staff in a number of ways. Upon joining the company, new staff attend an induction training course and are given a e-booklet explaining the terms and conditions of employment. Weekly training sessions are held at which staff are updated on the company's activities, plans and financial performance. Elected members of staff meet regularly with the Chief Executive to discuss financial results, future plans and employee concerns and suggestions. Staff at all levels are involved in forward planning and development of their departments, and regularly updated as to the progress of the company and their personal development in line with that progress and their individual performance.

#### **Employment of disabled persons**

Fortnum & Mason Plc is an equal opportunity employer. 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 does not suffer from a disability.

#### **Fixed assets**

Changes in fixed assets are set out in note 8. A valuation carried out prior to the refurbishment on 2 November 2001 by an independent valuer indicated that the market value of the company's leasehold interests was £38.8 million. This exceeds the amount at which they are shown in the balance sheet by £12.5 million (2014: exceeded by £12.3 million). No valuation has been performed since, and the directors do not believe that it is practical to estimate subsequent increases in market value.

#### **Charitable contributions**

The staff charity committee select a number of charities to support throughout the period by making donations of gifts and hosting events. Monetary donations of £18,642 (2014: £36,450) were made during the period including donations made to The Princes Trust of £6,000 (2014: £12,112) and Conservation of Historic St. James of £5,000 (2014: £5,000). Otherwise, charitable donations are covered by the holding company Wittington Investments Limited, which is 79% owned by the Garfield Weston Foundation, a charity.

#### **Future developments**

Future developments can be found within the Strategic report on pages 3 and 4.

#### **Financial risk management**

Details of the company's financial risk management procedures are included within the Strategic report on page 4.

# Fortnum & Mason Plc

## 52 week period ended 12 July 2015

### Directors' report (continued)

#### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

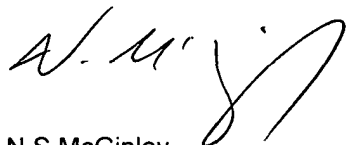
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved, that:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) the director has taken all the steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Directors' report was approved by the Board of Directors on 22 October 2015 and signed on behalf by:



N S McGinley  
Company Secretary

22 October 2015

Registered Number 84909  
Registered Office  
181 Piccadilly  
London W1A 1ER



# **Fortnum & Mason Plc**

## **52 week period ended 12 July 2015**

### **Independent auditors' report to the members of Fortnum & Mason Plc**

#### **Report on the financial statements**

##### **Our opinion**

In our opinion, Fortnum & Mason Plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 12 July 2015 and of the group's profit for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

##### **What we have audited**

The financial statements, included within the Directors' report and Consolidated Financial Statements (the "Annual Report"), comprise:

- the Consolidated and Company balance sheets as at 12 July 2015;
- the Consolidated profit and loss account for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

##### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

##### **Other matters on which we are required to report by exception**

###### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

###### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## **Responsibilities for the financial statements and the audit**

### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Craig Skelton (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

22 October 2015

**Fortnum & Mason Plc**  
**52 week period ended 12 July 2015**

**Consolidated profit and loss account**

	Note	52 weeks ended 12 July 2015 £'000	52 weeks ended 13 July 2014 £'000
Turnover, including share of joint venture	3	88,804	74,924
Less: share of turnover of joint venture		(552)	(541)
<b>Turnover</b>		<b>88,252</b>	<b>74,383</b>
Cost of sales		(54,081)	(45,968)
Gross profit		34,171	28,415
Distribution costs		(2,444)	(2,030)
Administrative expenses		(26,866)	(22,541)
<b>Operating profit</b>		<b>4,861</b>	<b>3,844</b>
Share of operating profit/(loss) in joint venture		60	(64)
<b>Total operating profit, group and share of joint venture</b>	3	<b>4,921</b>	<b>3,780</b>
Interest receivable		84	64
<b>Profit on ordinary activities before taxation</b>	4	<b>5,005</b>	<b>3,844</b>
Tax on profit on ordinary activities	6	(1,265)	(980)
<b>Profit for the financial period</b>	15,16	<b>3,740</b>	<b>2,864</b>

The results of the Group are generated entirely from continuing operations.

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial period stated above and their historical cost equivalents.

The Group has no recognised gains and losses other than its profit for the period.

The notes on pages 14 to 28 form part of these financial statements.

**Fortnum & Mason Plc**  
**52 week period ended 12 July 2015**

**Consolidated balance sheet**

	Note	As at 12 July 2015 £'000	As at 13 July 2014 £'000
<b>Fixed assets</b>			
Tangible assets	8	38,371	33,892
Investment in joint venture:	9		
Share of gross assets		885	781
Share of gross liabilities		(946)	(953)
		(61)	(172)
		<b>38,310</b>	<b>33,720</b>
<b>Current assets</b>			
Stocks		6,298	8,353
Debtors	10	4,149	4,145
Cash at bank and in hand		12,813	14,737
		<b>23,260</b>	<b>27,235</b>
<b>Creditors – Amounts falling due within one year</b>	11	<b>(10,042)</b>	<b>(12,896)</b>
<b>Net current assets</b>		<b>13,218</b>	<b>14,339</b>
<b>Total assets less current liabilities</b>		<b>51,528</b>	<b>48,059</b>
<b>Creditors – Amounts falling due after more than one year</b>	12	<b>(19,442)</b>	<b>(19,442)</b>
<b>Provisions for liabilities</b>	13	<b>(2,338)</b>	<b>(2,609)</b>
<b>Net assets</b>		<b>29,748</b>	<b>26,008</b>
<b>Capital and reserves</b>			
Called up share capital	14	807	807
Share premium account	15	25,208	25,208
Profit and loss account	15	3,733	(7)
<b>Total shareholders' funds</b>	16	<b>29,748</b>	<b>26,008</b>

The notes on pages 14 to 28 form part of these financial statements.

These financial statements were approved by the board of directors on 22 October 2015 and signed on its behalf by:



Mr E A Venters  
 Chief Executive  
 22 October 2015  
 Registered Number 84909

**Fortnum & Mason Plc**  
**52 week period ended 12 July 2015**

**Company balance sheet**

	Note	As at 12 July 2015 £'000	As at 13 July 2014 £'000
<b>Fixed assets</b>			
Tangible assets	8	38,371	33,892
Investments	9	2	2
		<b>38,373</b>	<b>33,894</b>
<b>Current assets</b>			
Stocks		6,298	8,353
Debtors	10	4,237	4,182
Cash at bank and in hand		12,813	14,737
		<b>23,348</b>	<b>27,272</b>
<b>Creditors – Amounts falling due within one year</b>	11	<b>(10,042)</b>	<b>(12,896)</b>
<b>Net current assets</b>		<b>13,306</b>	<b>14,376</b>
<b>Total assets less current liabilities</b>		<b>51,679</b>	<b>48,270</b>
<b>Creditors – Amounts falling due after more than one year</b>	12	<b>(19,442)</b>	<b>(19,442)</b>
<b>Provisions for liabilities</b>	13	<b>(2,338)</b>	<b>(2,609)</b>
<b>Net assets</b>		<b>29,899</b>	<b>26,219</b>
<b>Capital and reserves</b>			
Called up share capital	14	807	807
Share premium account	15	25,208	25,208
Profit and loss account	15	3,884	204
<b>Total shareholders' funds</b>	16	<b>29,899</b>	<b>26,219</b>

The notes on pages 14 to 28 form part of these financial statements.

These financial statements were approved by the board of directors on 22 October 2015 and signed on its behalf by:



Mr E A Venters  
 Chief Executive  
 22 October 2015  
 Registered Number 84909

# **Fortnum & Mason Plc**

## **52 week period ended 12 July 2015**

### **Notes to the financial statements**

#### **1 Accounting policies**

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom and have been consistently applied throughout the financial statements. The principal accounting policies are set out below:

##### **Accounting reference date**

The registered accounting reference date is 15<sup>th</sup> July, however, as common with most retailers financial statements are prepared on a 52 week basis.

##### **Basis of consolidation**

The group financial statements consist of the financial statements of the parent company and the Company's share of interests in non-trading subsidiaries and a joint venture as set out in note 9 to the financial statements. The financial statements of the parent company and subsidiaries are prepared to 12 July 2015.

The Company's interest in the joint venture are accounted for using the gross equity method.

##### **Turnover**

Turnover represents amounts charged to customers for goods sold and services rendered, less returns and net of value added tax. Retail, online and catalogue sales are recognised at the point of sale when the Company considers the risks and rewards of ownership have passed to the customer. Royalties and license fee income are recognised when contractually due.

**Fortnum & Mason Plc**  
**52 week period ended 12 July 2015**

**Notes to the financial statements (continued)**

**1 Accounting policies (continued)**

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at historic cost less accumulated depreciation. Costs include the original purchase price and the costs attributable to bringing the asset to its working condition.

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

Long leasehold	- over 66 years or the remaining period of the lease if shorter
Leasehold improvements	- 5, 10 or 30 years
Fixtures and equipment	- 2 - 10 years
Computer software	- 2, 3 or 5 years
Warehouse software	- 10 years

Assets under construction attract depreciation based upon the above asset categories when they are brought into use within the business.

Works of art are not depreciated and are included at cost, as they do not have a finite useful economic life.

**Fixed asset investments**

Fixed asset investments held in subsidiaries are at cost less provision for impairment.

**Stocks**

Stocks, which comprise merchandise held for resale, are stated at the lower of cost and net realisable value taking into account any provisions for slow moving, obsolete or defective stock. Stock is valued using a first-in first-out (FIFO) basis.

**Fortnum & Mason Plc**  
**52 week period ended 12 July 2015**

**Notes to the financial statements (continued)**

**1 Accounting policies (continued)**

**Taxation**

Taxation is provided on profits or losses for the period together with deferred taxation.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

**Deferred income**

Deferred income represents monies received in advance for gift vouchers less any sales redeemed during the period.

**Provisions**

The dilapidations provision is the current best estimate of the revenue cost of bringing certain premises, held under operating leases, back to their original state as required by the lease agreement.

**Leases**

All material leases entered into by the group are operating leases whereby substantially all the risks and rewards of ownership of the asset remain with the lessor. Rental payments are charged against profits on a straight-line basis over the period of the leases.

**Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are converted into sterling at rates of exchange prevailing at the period-end. Any exchange differences arising are taken to the profit and loss account.

Gains and losses on forward foreign exchange contracts used to manage foreign exchange exposure are carried forward and taken to the profit and loss account on maturity to match the underlying transactions.



**Fortnum & Mason Plc**  
**52 week period ended 12 July 2015**

**Notes to the financial statements (continued)**

**1 Accounting policies (continued)**

**Pension costs**

*Defined contribution scheme*

The pension costs charged in the profit and loss account represent the amount of contribution payable to the scheme in respect of the accounting period.

*Defined benefit scheme*

Prior to 30 September 2002 the company provided a defined benefit scheme to employees through the Associated British Foods Pension Scheme under which retirement benefits are funded by contributions by the company. Payments are made to the pension trust determined by the overall cost of the scheme, not that relating to the company's employees. Hence it is not possible to identify the company's share of the underlying assets and liabilities. As such, the directors are of the opinion that the cost to the scheme equates to the contributions payable.

**2 Cash flow statement and related party disclosures**

The company is a wholly owned subsidiary of Wittington Investments Limited and its cash flows are included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Wittington Investments Limited group or investees of the Wittington Investments Limited group. The only reportable transactions incurred in the period were fees paid to directors as set out in note 5 and recharges to and from Fortnum & Mason Events Limited, a joint venture company, as set out in note 9.

**Fortnum & Mason Plc**  
**52 week period ended 12 July 2015**

**Notes to the financial statements (continued)**

**3 Segmental reporting**

	52 weeks ended 12 July 2015 £'000	52 weeks ended 13 July 2014 £'000
<b>Turnover</b>		
UK		
- Group company	84,531	71,073
- Joint venture	552	541
	<u>85,083</u>	<u>71,614</u>
Overseas		
- Group company	3,721	3,310
- Joint venture	-	-
	<u>3,721</u>	<u>3,310</u>
Turnover	<u>88,804</u>	<u>74,924</u>

	52 weeks ended 12 July 2015 £'000	52 weeks ended 13 July 2014 £'000
<b>Operating Results</b>		
UK		
- Group company	3,521	2,813
- Joint venture	60	(64)
	<u>3,581</u>	<u>2,749</u>
Overseas		
- Group company	1,340	1,031
- Joint venture	-	-
	<u>1,340</u>	<u>1,031</u>
Operating profit	<u>4,921</u>	<u>3,780</u>

The analyses of turnover and operating profit by destination are shown above.

	2015 £'000	2014 £'000
<b>Net assets</b>		
UK - Group company	29,809	26,180
UK - Joint venture	(61)	(172)
Net assets	<u>29,748</u>	<u>26,008</u>

**Fortnum & Mason Plc**  
**52 week period ended 12 July 2015**

**Notes to the financial statements (continued)**

**4 Profit on ordinary activities before taxation**

This is stated after charging/(crediting) the following amounts:

	<b>52 weeks ended 12 July 2015 £'000</b>	<b>52 weeks ended 13 July 2014 £'000</b>
Depreciation	<b>4,403</b>	<b>2,991</b>
Operating leases – other	<b>1,577</b>	<b>749</b>
Auditors' remuneration – audit services	<b>65</b>	<b>63</b>
Profit on sale of fixed assets	<b>-</b>	<b>(134)</b>

**Fortnum & Mason Plc**  
**52 week period ended 12 July 2015**

**Notes to the financial statements (continued)**

**5 Directors and employees**

	2015	2014
Average number of employees:		
Selling	362	344
Administration and distribution	170	148
	<u>532</u>	<u>492</u>
	<b>£'000</b>	<b>£'000</b>
Staff costs – wages and salaries	17,460	14,717
– social security costs	1,635	1,255
– other pension costs	773	753
	<u>19,868</u>	<u>16,725</u>
Staff costs include the following remuneration of directors:		
Aggregate emoluments	<u>1,184</u>	<u>1,293</u>
	<u>1,184</u>	<u>1,293</u>

Retirement benefits are accruing to one (2014: one) director under a defined benefit scheme and one director (2014: one) under a defined contribution scheme, the contributions paid to the defined benefit scheme during the period were £10,000 (2014: £10,000). The aggregate value of company contributions paid under the defined contribution scheme were £22,000 (2014: £29,598).

Consultancy fees of £13,500 (2014: £18,750) were paid to Le Mesnil Management Limited, a company in which Mr M E Metcalf, a director of the company, has a controlling interest.

During the period Mr E Venters, a director of the company, repaid £50,000 (2014: nil) of the loan granted during the period ended 13 July 2014, and the outstanding balance at the period end was £125,000 (2014: £175,000). Interest is charged at 4% pa and the loan is repayable by January 2016.

	2015	2014
<b>Highest paid director</b>		
	<b>£'000</b>	<b>£'000</b>
Aggregate emoluments	639	769
Other pension costs	22	30
	<u>661</u>	<u>799</u>

**Fortnum & Mason Plc**  
**52 week period ended 12 July 2015**

**Notes to the financial statements (continued)**

**6 Tax on profit on ordinary activities**

	2015	2014
	£'000	£'000
<b>Current tax</b>		
UK Corporation tax	1,257	1,104
Adjustments in respect of prior period	<u>(31)</u>	<u>(44)</u>
	1,226	1,060
<b>Deferred tax (note 13)</b>		
Origination and reversal of timing differences	39	(42)
Adjustments in respect of prior period	-	<u>(38)</u>
Total deferred tax debit/(credit)	<u>39</u>	<u>(80)</u>
<b>Tax on profit on ordinary activities</b>	<u>1,265</u>	<u>980</u>

The tax assessed for the period differs from (2014: differs from) the standard rate of corporation tax in the UK as explained below:

	2015	2014
	£'000	£'000
<b>Group profit on ordinary activities before taxation</b>	<u>5,005</u>	<u>3,844</u>
Profit on ordinary activities before tax at UK average tax rate of 20.71% (2014: 22.42%)	1,037	876
Capital allowances in excess of depreciation	16	(124)
Expenses not deductible for tax purposes	267	188
Adjustment in respect of prior period	(31)	(44)
Other timing differences	<u>(63)</u>	<u>164</u>
<b>Current tax charge for the period</b>	<u>1,226</u>	<u>1,060</u>

**Fortnum & Mason Plc**  
**52 week period ended 12 July 2015**

**Notes to the financial statements (continued)**

**7 Company results**

Profit on ordinary activities before taxation of £4,944,918 (2014: £3,908,166) arose in the financial statements of Fortnum & Mason Plc. The directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a separate profit and loss account for the company.

**8 Tangible assets**

Group and company	Long leasehold and leasehold improvements £'000	Fixtures and equipment £'000	Computer and warehouse Software £'000	Works of art £'000	Assets under construction £'000	Total £'000
<b>Cost</b>						
At 13 July 2014	38,247	25,385	4,004	770	1,089	69,495
Additions	295	5,750	1,642	36	1,159	8,882
Transfer	193	323	478	0	(994)	-
<b>At 12 July 2015</b>	<b>38,735</b>	<b>31,458</b>	<b>6,124</b>	<b>806</b>	<b>1,254</b>	<b>78,377</b>
<b>Accumulated depreciation</b>						
At 13 July 2014	11,739	20,953	2,911	-	-	35,603
Charge for the period	679	2,950	774	-	-	4,403
<b>At 12 July 2015</b>	<b>12,418</b>	<b>23,903</b>	<b>3,685</b>	<b>-</b>	<b>-</b>	<b>40,006</b>
<b>Net book amount</b>						
<b>12 July 2015</b>	<b>26,317</b>	<b>7,555</b>	<b>2,439</b>	<b>806</b>	<b>1,254</b>	<b>38,371</b>
<b>Net book amount</b>						
<b>13 July 2014</b>	<b>26,508</b>	<b>4,432</b>	<b>1,093</b>	<b>770</b>	<b>1,089</b>	<b>33,892</b>

**Fortnum & Mason Plc**  
**52 week period ended 12 July 2015**

**Notes to the financial statements (continued)**

**9 Fixed asset investments**

**Group**

	<b>£'000</b>
At 13 July 2014 – net liability	(172)
Share of retained profit	60
Amount owed to Group company	51
<b>At 12 July 2015 – net liability</b>	<b>(61)</b>

**Company**

**Fixed asset investments**

At 13 July 2014 and 12 July 2015	<u>2</u>
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The directors believe that the carrying value of the investments is supported by their underlying net assets.

The Company operates a joint venture company 'Fortnum & Mason Events Limited' with Do & Co Limited to undertake selected opportunities in the eventing arena. Audited financial statements were prepared up to 31 March 2015 and internal financial statements to 30 June 2015 to facilitate the preparation of the consolidated financial statements as at 12 July 2015.

During the period the parent company incurred £54,572 (2014: £42,145) direct selling costs which were recharged back to the joint venture. In addition the parent company purchased food products totalling £9,318 (2014: £162,020) from Do & Co Limited. All transactions were on an arm's length basis.

The company's interests in subsidiary companies and joint ventures are listed below:

	<b>Country of Registration</b>	<b>Activity</b>	<b>Share capital held</b>
<b>Subsidiary companies</b>			
Fortnum & Mason USA Inc	USA	Dormant	100%
Fortnum & Mason Limited	Ireland	Dormant	100%
F. & M. Limited	UK	Dormant	100%
Fortnum & Mason (Export) Limited	UK	Dormant	100%
Fortnum and Mason Hospitality Limited	UK	Dormant	100%
Fortnum and Mason (London) Limited	UK	Dormant	100%
Fortnums Limited	UK	Dormant	100%
<b>Joint venture</b>			
Fortnum & Mason Events Limited	UK	Eventing	50%

**Fortnum & Mason Plc**  
**52 week period ended 12 July 2015**

**Notes to the financial statements (continued)**

**10 Debtors**

Group	2015 £'000	2014 £'000
Trade debtors	2,859	3,207
Other debtors	264	556
Prepayments and accrued income	1,026	382
	<u>4,149</u>	<u>4,145</u>
<b>Company</b>		
Amounts owed by group undertakings	88	37
	<u>4,237</u>	<u>4,182</u>

**11 Creditors – amounts falling due within one year**

Group and company	2015 £'000	2014 £'000
Trade creditors	2,538	5,202
Corporation tax	287	1,548
Other taxation and social security	688	572
Other creditors	483	358
Accruals and deferred income	6,046	5,216
	<u>10,042</u>	<u>12,896</u>

**12 Creditors – amounts falling due after more than one year**

Group and company	2015 £'000	2014 £'000
Amounts owed to group undertakings	<u>19,442</u>	<u>19,442</u>

Amounts owed to group undertakings are unsecured, not repayable before 22 October 2016 and are not interest bearing. On 15 July 2015 a £1,000,000 repayment of the loan was made.



**Fortnum & Mason Plc**  
**52 week period ended 12 July 2015**

**Notes to the financial statements (continued)**

**13 Provisions for liabilities**

Group and company	As at 13 July 2014 £'000	Movement £'000	As at 12 July 2015 £'000
Deferred taxation	2,299	39	2,338
Dilapidations	310	(310)	-
	<u>2,609</u>	<u>(271)</u>	<u>2,338</u>

The amounts provided for deferred taxation, which represent the full potential liability, are set out below:

	2015 £'000	2014 £'000
Accelerated capital allowances	2,208	2,223
Other timing differences	130	76
Total provision for deferred tax	<u>2,338</u>	<u>2,299</u>

In 2012, a provision for dilapidations of £750,000 was established as an estimate of the repair costs in respect of the Piccadilly lease held by the Company. An element of the provision was utilised during the previous period as refurbishment works commenced, and the balance of the provision was utilised during the current period.

**14 Called up share capital**

Group and Company	2015 £'000	2014 £'000
Allotted and fully paid		
16,139,000 ordinary shares (2014: 16,139,000) of £0.05 each	<u>807</u>	<u>807</u>

**Fortnum & Mason Plc**  
**52 week period ended 12 July 2015**

**Notes to the financial statements (continued)**

**15 Reserves**

Group	Share premium account £'000	Profit and loss account £'000
Balance at 13 July 2014	25,208	(7)
Profit for the financial period	-	3,740
<b>Balance at 12 July 2015</b>	<b>25,208</b>	<b>3,733</b>
Company	Share premium Account £'000	Profit and loss account £'000
Balance at 13 July 2014	25,208	204
Profit for the financial period	-	3,680
<b>Balance at 12 July 2015</b>	<b>25,208</b>	<b>3,884</b>

**16 Reconciliation of movements in shareholders' funds**

Group	2015 £'000	2014 £'000
Equity:		
Opening shareholders' funds	26,008	23,144
Profit for the financial period	3,740	2,864
<b>Closing shareholders' funds</b>	<b>29,748</b>	<b>26,008</b>

## **Fortnum & Mason Plc**

### **52 week period ended 12 July 2015**

#### **Notes to the financial statements (continued)**

##### **17 Pensions**

Prior to 30 September 2002, the company provided defined benefits, to employees over the age of 21 with more than six months service, through the Associated British Foods Pension Scheme. At 12 July 2015 there were 17 (2014: 21) members of the scheme.

The scheme is wholly administered by the trustee of the Associated British Foods Pension Scheme, and the cost to the company is determined by the overall cost of the scheme, not that relating to the company's employees. Hence it is not possible to identify the company's share of the underlying assets and liabilities. As such, the directors are of the opinion that the cost to the company will tend to equate to the contributions payable. The last actuarial valuation of the scheme was carried out as at 5 April 2011, this showed that assets represented 101% of the benefits that had accrued to members after allowing for expected future increases in earnings. The company made contributions of £126,535 in the period (2014: £145,813).

From 1 October 2002, new entrants to the Associated British Foods Pension Scheme were offered membership of a defined contribution arrangement. In February 2013, this was extended to include an autoenrolment pension scheme in which all employees are enrolled after three months with the company unless they wish to opt out. The Company pays defined contribution payments for these pension scheme members. At 12 July 2015 there were 386 members (2014:379) of the scheme and the company made contributions of £646,461 (2014: £607,266) in the period.

##### **18 Capital commitments**

At the period end there were capital commitments totalling £1,900,000 (2014: £2,975,000).

**Fortnum & Mason Plc**  
**52 week period ended 12 July 2015**

**Notes to the financial statements (continued)**

**19 Commitments under operating leases**

The company has minimum annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	Less than one year £'000	Two to five years £'000	Over five years £'000	Total £'000
Land and buildings at 12 July 2015	110	823	1,117	2,050
Land and buildings at 13 July 2014	-	715	-	715

**20 Ultimate parent undertaking**

The immediate and ultimate holding company of Fortnum & Mason Plc is Wittington Investments Limited, who hold 100% of the capital of the company and are smallest and largest group in which the results are consolidated.

The Garfield Weston Foundation ("The Foundation") is an English charitable trust which was established in 1958 by the late Mr W. Garfield Weston. The Foundation has no direct interest in Fortnum & Mason Plc but as at 12 July 2015 held 683,073 shares in Wittington Investments Limited representing 79.2% of that company's issued share capital, as stated in Wittington Investments Limited's financial statements, and is, therefore, Fortnum & Mason Plc's controlling party.

Copies of Wittington Investments Limited consolidated financial statements can be obtained from Companies House, Crown House, Cardiff, CF4 3UZ and copies of The Garfield Weston Foundation Report and Accounts of the Trustees can be obtained at [www.garfieldweston.org](http://www.garfieldweston.org).