

Reprinted from the "Financial News,"  
March 21, 1921.

## R. E. JONES AND THE PICCADILLY HOTEL.

### A STUDY OF THE PURCHASE PRICE.

The prospectus of R. E. Jones, Ltd., the provincial catering firm, who have been before the public so prominently recently, will, we understand, show figures of considerable interest in connection not only with themselves, but also in connection with the Piccadilly Hotel, for the acquisition of 98.9 per cent. of the issued share capital, of which an issue is being made to-morrow, and also, as a secondary object, for the provision of funds with a view to eventually dealing with the £229,952 participating debenture stock, which has recently enjoyed a very considerable share in profits.

This hotel is not the first, though it is the largest, London establishment to come into the hands of R. E. Jones, Ltd., the others being the Bedford Head Hotel, in Tottenham Court Road, the old "Provence," in Leicester Square, now completely transformed into the Leicester Corner Restaurant; the Manchester Hotel, Aldersgate Street, all of which have been acquired since the Armistice. The success which has attended these operations is referred to in the prospectus, but we understand that the earnings of these properties have not yet come into the accounts—in fact, broadly speaking, up to the date of the last balance-sheet their financial position was largely represented by capital expenditure in renewals, redecoration, and rebuilding.

The Piccadilly property to be acquired covers over three-quarters of an acre—facing, as most of England knows, on Piccadilly and Regent Street, a few yards from Piccadilly Circus, and includes some of the most valuable shop premises in the West End. The entire property is held on lease direct from the Crown for a term expiring in 1994. Messrs. Farbrother, Ellis, and Co. estimate that the buildings alone would to-day cost over £2,300,000 to erect.

In computing the actual value of the property, however, as a guide to the quality of the price payable, the far smaller figure of £910,680 is taken, and, taking this value into consideration and the assets and liabilities shown in the last balance-sheet of the Piccadilly Hotel, there is (exclusive of goodwill) an excess of assets over liabilities of £393,166, subject to the mortgage debenture and the debenture stock already referred to, or, deducting there, a net excess of assets over liabilities of £533,362 standing against the purchase price of £236,900 for the 296,900 shares out of the total of 300,000 issued.

The prospectus will further show an interesting table of the profits of the Piccadilly Hotel in a hitherto unpublished form, showing the following figures of net profits, subject only to the annual requirements of the £229,952 participating debenture stock and maintenance and renewals. These figures read as follows:

| Year ended      | Year ended      |
|-----------------|-----------------|
| July 31,        | July 31,        |
| 1915 .. £47,903 | 1918 .. £83,548 |
| 1916 .. 59,861  | 1919 .. 102,121 |
| 1917 .. 72,849  | 1920 .. 118,277 |

During this period the reserve for repairs, renewals, and maintenance has been increased by over £40,000, and £164,000 expended thereon—a figure which suggests a highly interesting position in view of the statement that in the future an amount of £20,000 per year should be sufficient on this account.

Apart from the properties referred to above, the company owns the following hotels and restaurants—

- The "Carlton" Restaurant and Model Bakeries, Cardiff.
- The "Central" Hotel and Restaurant, Cardiff.
- The "Sandringham" Hotel and Restaurant, Cardiff.
- The "Pillarstone" Hotel, Cardiff.
- The "Mackworth" Hotel, Restaurant, and Model Bakeries, Swansea.
- The "Exchange" Restaurant, Swansea.
- The "Castle" Café, Swansea.
- The "Carlton" Café, Swansea.
- The "Rutland" Café, Rutland Street, Swansea.
- The "Marine" Hotel, Porthcawl;

as well as their large freehold bakery in South-wark and the well-known London site of Terry's Theatre at 105-109, Strand. A list of other miscellaneous establishments will also be shown.

The prospectus—which computes the total excess of assets, exclusive of goodwill, over liabilities of R. E. Jones, Ltd. (including Morgan and Co.) at over £1,100,000 (exclusive of the Piccadilly Hotel)—will also contain an audited certificate of R. E. Jones' profits for each of the seven financial years from 1913-14 up to the year closing on October 31 last.

The company has no debentures. The preference shares now offered will be entitled to a fixed cumulative preferential dividend of 10 per cent., and, after payment to the 5s. ordinary shares of a non-cumulative dividend of 25 per cent., to one-half of the remaining profits distributed in any year.

The ordinary shares received a dividend of 45 per cent. for 1918-19, and the same dividend is being recommended by the directors for 1919-20.

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*The Times* (London, England), Wednesday, Mar 23, 1921; pg. 19; Issue 42676. (802 words)

**Category:** Display Advertising

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**Gale Document Number:**CS320409719