



THE MONOPOLIES AND MERGERS COMMISSION

Lonrho PLC
and
House of Fraser PLC

A report on the proposed merger

Presented to Parliament
by the Secretary of State for Trade and Industry
by Command of Her Majesty
March 1985

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*These members formed the group which was responsible for this inquiry (see paragraph 1.2).



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CHAPTER I

Introduction

1.1. On 31 May 1984 the Department of Trade and Industry sent to the Commission the following reference:

Whereas it appears to the Secretary of State that it is or may be the fact that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a merger situation qualifying for investigation as defined in section 64(8) of the Fair Trading Act 1973, in that:

- (a) enterprises carried on by or under the control of House of Fraser PLC (a body corporate incorporated in the United Kingdom) will cease to be distinct from enterprises carried on by or under the control of Lonrho PLC; and
- (b) the value of the assets which will be taken over exceeds £15 million.

Now, therefore, the Secretary of State, in the exercise of his powers under sections 69(2) and 75 of that Act hereby refers the matter to the Monopolies and Mergers Commission for investigation and report within a period of six months beginning with the date of this reference.¹

In relation to the question whether a merger situation qualifying for investigation will be created if the arrangements herein referred to are carried into effect the Commission shall exclude from consideration section 64(1)(a) of that Act.

(Signed) M J VILE

An Assistant Secretary

Department of Trade and Industry

31 May 1984

1.2. On 8 June 1984 the Chairman, acting under section 4 of the Fair Trading Act 1973 and Part II of Schedule 3 thereto, directed that the functions of the Commission in relation to this reference should be discharged through a group consisting of six members of the Commission, including himself as Chairman. The composition of the group is indicated in the list of members of the Commission which prefaces this report.

1.3. Notices inviting interested parties to submit evidence to the Commission were placed in *The Times*, *Financial Times* and *The Scotsman*.

1.4. Written submissions were made by Lonrho PLC (Lonrho) and House of Fraser PLC (House of Fraser). Other evidence received included views from the Scottish Trades Union Congress, the Amalgamated Textile Workers' Union, the Union of Shop, Distributive and Allied Workers, local authorities in areas in which House of Fraser stores operate, a number of suppliers to House of

¹ On 30 October 1984 the Secretary of State announced that he was satisfied that there were special reasons why our report could not be made within the time specified in the original reference. Accordingly, he decided to allow a further period to 28 February 1985 for the making of this report.

Fraser and some private individuals. A number of hearings were held: seven with Lonrho, five with House of Fraser, one each with Alfayed Investment and Trust (UK) Ltd, Mr Peter Hordern MP, Mr J A Hayward and Montagu, Loebel, Stanley & Co. Separate hearings were held with the six Lonrho nominees for the House of Fraser Board who were not directors of Lonrho (see paragraph 4.13).

1.5. Some of the evidence obtained in the course of our inquiry was of a confidential nature and our report contains only such information as we consider necessary for an understanding of our conclusions.

1.6. We wish to express our gratitude to all those who helped us in the inquiry, and particularly to the two companies principally concerned.