STATUTORY INSTRUMENTS

1978 No. 1307

PRICES

The Distribution of Footwear (Prices) Order 1978

Made - - - -	*5th September* 1978
Laid before Parliament	*6th September* 1978
Coming into Operation	*1st October* 1978

Whereas—

(1) the Secretary of State on 9th June 1978 first published a report made to him by the Price Commission pursuant to section 11(1) of the Price Commission Act 1977(a) on the question of prices, costs and margins in the distribution of footwear in the United Kingdom; and

(2) the said report includes indications of matters which the Price Commission consider are connected with that question and should be remedied:

Now, therefore, the Secretary of State, after consulting the Director General of Fair Trading in accordance with subsection (3) of section 12 of the Price Commission Act 1977, in exercise of the powers conferred on him by paragraph (*b*) of that subsection and subsection (6) of that section and of all other powers enabling him in that behalf, hereby makes the following Order: —

1.—(1) This Order may be cited as the Distribution of Footwear (Prices) Order 1978.

(2) This Order shall come into operation on 1st October 1978 and, unless previously revoked, shall cease to have effect on 1st October 1980.

(3) In this Order—

"gross margin" means the difference, expressed as a percentage of the value of sales, between the value of sales of all goods sold by retail by a person in the course of business as a distributor of goods in a period and the cost to him of those goods;

"prices" means prices charged by a person for sale by retail of goods in the course of business as a distributor of goods;

"1975 accounting period" means the year of account of a person ending within the 12 months beginning with 1st July 1975; and

"1977 accounting period" means the year of account of a person ending within the 12 months beginning with 1st July 1977.

(a) 1977 c. 33.

(4) For the purpose of ascertaining the gross margin in any period, in determining the value of a sale or the cost of any goods—

(*a*) value added tax shall be left out of account; and

(*b*) where the value or cost does not reasonably represent the amount which would apply under a transaction at arm's length, there shall be substituted such amount as might reasonably apply in such a transaction.

(5) The Interpretation Act 1889(**a**) shall apply for the interpretation of this Order as it applies for the interpretation of an Act of Parliament.

2.—(1) This Order does not apply to a person specified in the Schedule but applies to every other person—

(*a*) who is a distributor of goods within the meaning of regulation 4 of the Prices and Charges (Definitions) Regulations 1977(**b**) the whole or the greater part of whose distribution activity is the distribution of footwear; and

(*b*) who distributes footwear at 10 or more retail establishments at which he carries on business.

(2) In determining the number of retail establishments at which a person carries on business for the purpose of paragraph (1)(*b*) above, the person having control of any company and all the companies controlled by that person shall be treated as one person.

3. A person to whom this Order applies shall so restrict prices that, in each period of six months beginning on or after 1st October 1978, his gross margin does not exceed—

(*a*) in any case, his gross margin in his 1977 accounting period; and

(*b*) in a case where his gross margin in his 1977 accounting period exceeds his gross margin in his 1975 accounting period—

(i) his gross margin in his 1975 accounting period, or

(ii) his gross margin in his 1977 accounting period reduced by two,

whichever is the greater.

4. This Order shall be enforced by the Price Commission.

Roy Hattersley,

Secretary of State,

5th September 1978. Department of Prices and Consumer Protection.

(**a**) 1889 c. 63. (**b**) S.I. 1977/1221.

(*Article 2(1)*) SCHEDULE

Persons to whom this Order does not apply

James Allan & Son Limited
Bally London Shoe Company Limited
Benson Shoe Company Limited
W. E. Briggs & Sons Limited
The British Bata Shoe Company (Retail Division) Limited
B.S.C. Footwear Limited
C & J Clark Retail Limited
Cleveland Shoe Co. Limited
Courtesy Shoes Limited
Eastwoods Shoe Bargains (N.I.) Limited
Elliot and Wade Limited
Faith Footwear Limited
John Farmer Limited
Joseph Frisby Limited
Greenlees Lennards Limited
Harts Footwear Limited
Highwalk Shoe Co. Limited
Hiltons Footwear Limited
A. Jones & Sons Limited
K Shoe Shops Limited
Maurice Lennard & Co.
Lotus & Delta Limited
Milward & Sons, Limited
George Oliver (Footwear) Limited
John Plant Limited
Russell and Bromley Limited
David Scott Shops Limited
Shoefayre Limited
William Smith (Shoe Merchants) Limited
Stead & Simpson Limited
Stylo Barratt Shoes Limited
Tandem Shoes Limited
William Timpson Limited
Clifford Turner Limited
W. & E. Turner Limited
John Tyler & Sons Limited
J. W. Wassall Limited
Whyte & Son (Nottingham) Limited
Wyles Shoes Limited

and their respective subsidiaries.

EXPLANATORY NOTE

(This Note is not part of the Order.)

In a report to the Secretary of State for Prices and Consumer Protection following a direction by him under section 10 of the Price Commission Act 1977 which related to prices, costs and margins in the distribution of footwear in the United Kingdom, the Price Commission indicated certain matters which they considered should be remedied.

This Order, which is made in consequence of those indications, requires certain distributors specialising in the retail distribution of footwear to restrict their retail prices so that their gross margins do not exceed a level determined by reference to margins achieved in specified earlier periods.

This Order ceases to have effect on 1st October 1980.

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