

Your More Store Limited

Annual report for the year ended 30 June 1997

Registered no: 2488212



Your More Store Limited

Annual report for the year ended 30 June 1997

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Your More Store Limited

1

Directors and advisers

Non-executive Chairman

Dr R E Widmer

Executive directors

Mr I Gillan

Mr J J Visser (resigned 3 March 1997)

Non-executive directors

Mr M R Rigby

Mr J J Visser

(appointed 3 March 1997)

Secretary and registered office

Mr I Gillan

McClure Naismith

Poutney Hill House

6 Laurence Poutney Hill

London

EC4R 0BL

Registered Auditors

Coopers & Lybrand

Kintyre House

209 West George Street

Glasgow

G2 2LW

Solicitors

McClure Naismith

292 St Vincent Street

Glasgow

G2 5TQ

Bankers

The Royal Bank of Scotland Plc

Westergate Branch

292 Argyle Street

Glasgow

G2 8DD

Clydesdale Bank Plc

30 St Vincent Place

Glasgow

G1 2HL

Northern Bank Limited

Donegal Square West Branch

Belfast

BT1 6LT

Directors' report for the year ended 30 June 1997

The directors present their report and the audited financial statements for the year ended 30 June 1997.

Principal activities

The consolidated profit and loss account for the year is set out on page 5.

The principal activities of the group are the operation of a number of retail units selling a wide range of durable and semi-durable goods.

Review of business

The number of operating branches within the group increased to 125 at 30 June 1997. Both the level of business and the period end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend. The profit for the year of £756,694 will be transferred to reserves.

Directors

The directors of the company at 30 June 1997, all of whom have been directors for the whole year ended on that date unless otherwise indicated, are listed on page 1.

Mr J J Visser, on the 3 March 1997 resigned as an executive director of the company and with effect from this date was appointed as a non-executive director.

Mr Iain Gillan was appointed as company secretary on 26 July 1996.

Directors' interests in shares of the company

No directors held beneficial interests in the shares of the company or the group at 30 June 1997, or at any time during the year.

Employees

The group's policy is to consult and discuss with employees, through unions, and at meetings, matters likely to affect employees' interests.

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, where possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Responsibilities of directors

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 June 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

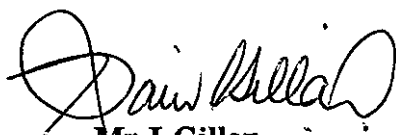
Taxation status

The company is a close company as defined by the provisions of the Income and Corporation Taxes Act 1988. There has been no change in this respect since the end of the financial year.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board



Mr I Gillan
Director

4 August 1997

**Report of the auditors to the members of
Your More Store Limited**

We have audited the financial statements on pages 5 to 18.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you.

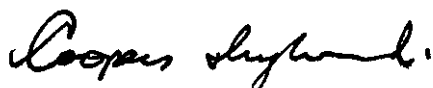
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30 June 1997 and of the profit, and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
Glasgow

8 August 1997

Consolidated profit and loss account for the year ended 30 June 1997

	Notes	12 months to 30 June 1997 £	16 months to 29 June 1996 £
Turnover			
Continuing operations		34,725,895	28,129,989
Acquisitions		-	6,420,803
	2	<u>34,725,895</u>	<u>34,550,792</u>
 Cost of sales		 (19,724,299)	 (19,649,777)
 Gross profit			
Continuing operations		15,001,596	12,128,541
Acquisitions		-	2,772,474
		<u>15,001,596</u>	<u>14,901,015</u>
 Net operating expenses	3	 (13,830,132)	 (14,050,324)
 Operating profit		 <u>1,171,464</u>	 <u>850,691</u>
 Interest receivable and similar income		 5,390	 19,686
Interest payable and similar charges	6	(420,160)	(303,017)
		<u>756,694</u>	<u>567,360</u>
Profit on ordinary activities before taxation	7	756,694	567,360
Tax on ordinary activities	7	-	-
		<u>756,694</u>	<u>567,360</u>
 Retained profit for the financial year	17	 <u><u>756,694</u></u>	 <u><u>567,360</u></u>


The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above, and their historical cost equivalents.

Balance sheets at 30 June 1997

	Notes	Group		Company	
		At 30 June 1997 £	At 29 June 1996 £	At 30 June 1997 £	At 29 June 1996 £
Fixed assets					
Tangible assets	8	8,494,685	6,674,967	8,494,685	6,674,967
Current assets					
Stocks	10	8,179,020	6,750,768	8,179,020	6,750,768
Debtors	11	764,672	478,412	764,672	478,412
Cash at bank and in hand		561,264	29,250	561,264	29,250
		9,504,956	7,258,430	9,504,956	7,258,430
Creditors: amounts falling due within one year:					
Group undertakings	13	1,500,000	-	1,500,000	-
Other	12	8,976,511	7,541,507	8,976,611	7,646,799
Net current (liabilities)		(971,555)	(283,077)	(971,655)	(388,369)
Total assets less current liabilities		7,523,130	6,391,890	7,523,030	6,286,598
Creditors: amounts falling due after one year	13	1,000,000	1,000,000	1,000,000	1,000,000
Provisions for liabilities and charges	14	258,500	207,500	258,500	207,500
Net assets		6,264,630	5,184,390	6,264,530	5,079,098
Capital and reserves					
Called up share capital	16	7,866,820	7,543,274	7,866,820	7,543,274
Profit and loss account	17	(1,823,690)	(2,580,384)	(1,823,790)	(2,685,676)
Revaluation reserve	18	221,500	221,500	221,500	221,500
Total equity shareholders' funds	23	6,264,630	5,184,390	6,264,530	5,079,098

The financial statements on pages 5 to 18 were approved by the board of directors on 4 August 1997 and were signed on its behalf by:


Mr I Gillan
Director

**Consolidated cash flow statement
for the year ended 30 June 1997**

	Notes	12 months to 30 June 1997 £	16 months to 29 June 1996 £
Net cash inflow from operating activities	19	2,057,638	944,006
Returns on investments and servicing of finance	20	(414,770)	(283,331)
Taxation		-	-
Capital expenditure	20	<u>(2,470,357)</u>	<u>(4,702,254)</u>
Cash outflow before management of liquid resources and financing		(827,489)	(4,041,579)
Financing	20	<u>1,823,546</u>	<u>1,543,274</u>
Increase/(decrease) in cash in the period		<u>996,057</u>	<u>(2,498,305)</u>

**Notes to the financial statements
for the year ended 30 June 1997****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently is set out below:

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Basis of consolidation

The consolidated financial statements include the company and its subsidiary undertaking. Intra-group sales and profits are eliminated fully on consolidation.

Goodwill

Goodwill arising on acquisition is written off through the profit and loss account.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Certain interests in land and buildings are also stated at valuation.

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Freehold land and buildings	2%
Leasehold improvements	4% or over lease period if less
Shop and office equipment	20%
Motor vehicles and computer equipment	25%
Fixtures and fittings	15%
Heating systems	10%

Stocks

Stocks are stated at the lower of cost and net realisable value. In general cost is determined on a first in first out basis. Provision is made where necessary for obsolete, slow moving and defective stocks.

Turnover

Turnover, which excludes value added tax, represents the total invoiced value of goods sold.

Deferred taxation

Provision is made for deferred taxation using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Pension costs

The group contributes to individual personal pension plans for directors and senior executives.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

2 Turnover

Turnover consists entirely of sales made in the United Kingdom.

3 Other operating expenses

	12 months to 30 June 1997	16 months to 29 June 1996
	£	£
Selling and distribution costs	12,158,407	12,466,941
Administrative expenses	1,864,937	2,067,414
	<u>14,023,344</u>	<u>14,534,355</u>
Less: other operating income	(193,212)	(484,031)
	<u>13,830,132</u>	<u>14,050,324</u>

4 Directors' emoluments

The remuneration paid to the directors of Your More Store Limited was:

	12 months to 30 June 1997	16 months to 29 June 1996
	£	£
Aggregate emoluments	94,012	169,757
Company pension contributions to money purchase pension scheme	15,630	21,070
Sums paid to third parties for directors' services	11,483	11,701

Retirement benefits are accruing to two directors under a money purchase (defined contribution) pension scheme.

5 Employee information

The average monthly number of persons (including executive director) employed by the group during the year was:

	12 months to 30 June 1997 Number	16 months to 29 June 1996 Number
Sales staff	1,060	700
Warehouse and distribution	2	9
Office and management	57	33
	<u>1,119</u>	<u>742</u>
	12 months to 30 June 1997 £	16 months to 29 June 1996 £
Staff costs (for the above persons):		
Wages and salaries	5,283,721	5,612,996
Social security costs	245,509	292,582
Other pension costs (see note 15)	31,221	38,436
	<u>5,560,451</u>	<u>5,944,014</u>

6 Interest payable and similar charges

	12 months to 30 June 1997 £	16 months to 29 June 1996 £
On bank loans, overdraft and other loans:		
Repayable within 5 years, not by instalments	<u>420,160</u>	<u>303,017</u>

7 Profit on ordinary activities before taxation

	12 months to 30 June 1997	16 months to 29 June 1996
	£	£
Profit on ordinary activities before taxation is stated after charging		
Loss/(gain) on disposal of tangible fixed assets	1,628	(512)
Depreciation charge for the period:		
Tangible owned fixed assets	649,011	607,435
Auditors' remuneration for:		
Audit	27,300	23,100
Other services	5,115	25,205
Operating leases - motor vehicles	61,904	74,759
- property rentals	2,450,883	2,681,744

The taxation charge arising for the period is £Nil due to trading losses brought forward from prior years (1996: £Nil)

As permitted by Section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The amount of the consolidated profit for the financial year dealt with in the financial statements of the parent company is £861,886 (1996: £567,360).

8 Tangible fixed assets**Group and company**

	Freehold land and buildings £	Leasehold £	Shopfittings & equipment £	Office & warehouse equipment £	Motor vehicles £	Total £
Cost or valuation						
At 30 June 1996	4,018,907	1,708,990	1,933,898	203,828	21,346	7,886,969
Additions	1,049,751	597,819	820,874	9,116	-	2,477,560
Disposals	-	(5,379)	-	(6,808)	(17,100)	(29,287)
At 30 June 1997	5,068,658	2,301,430	2,754,772	206,136	4,246	10,335,242
Depreciation						
At 29 June 1996	140,457	283,728	650,152	121,119	16,546	1,212,002
Charge for period	93,594	166,240	348,126	38,980	2,072	649,011
Disposals	-	(1,222)	-	(3,315)	(15,919)	(20,456)
At 30 June 1997	234,051	448,746	998,278	156,784	2,698	1,840,557
Net Book Value						
30 June 1997	4,834,607	1,852,684	1,756,494	49,352	1,548	8,494,685
Net Book Value						
29 June 1996	3,878,450	1,425,262	1,283,746	82,709	4,800	6,674,967

A valuation of the company's head office premises was carried out on 16 July 1992 by Sutherland Brown, a firm of independent Chartered Surveyors. This valuation was incorporated in the financial statements for the year ended 26 February 1994.

If some elements of land and buildings had not been revalued they would have been included at the following amounts:

	1997 £	1996 £
Cost	4,847,158	3,797,407
Aggregate depreciation based on cost	234,051	142,730
Net book value based on cost	<u>4,613,107</u>	<u>3,654,677</u>

9 Fixed asset investments

Interests in group undertakings

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held by	
			Group	Company
Fields (Scotland) Limited	England	Ordinary £1 shares	100%	100%

The investment in Fields (Scotland) Ltd has been written down to nil to recognise the transfer of assets to the immediate parent company which took place on 26 February 1994.

10 Stocks

	Group and company 1997 £	Group and company 1996 £
Goods for resale	8,142,853	6,708,737
Consumable stock	36,167	42,031
	<u>8,179,020</u>	<u>6,750,768</u>

11 Debtors

	Group		Company	
	1997	1996 £	1997	1996 £
Amounts falling due within one year				
Trade debtors	6,788	31,780	6,788	31,780
Other debtors	84,386	66,588	84,386	66,588
Prepayments and accrued income	673,498	380,044	673,498	380,044
	<u>764,672</u>	<u>478,412</u>	<u>764,672</u>	<u>478,412</u>

12 Creditors: amounts falling due within one year

	Group		Company	
	1997	1996	1997	1996
		£		£
Bank overdrafts	2,906,932	3,370,975	2,906,932	3,370,975
Trade creditors	4,248,518	2,964,631	4,248,518	2,964,631
Amounts owed to parent group companies	-	7,797	-	7,797
Amounts owed to subsidiary	-	-	100	105,292
Other taxation and social security	147,183	223,142	147,183	223,142
Accruals	464,667	312,536	464,667	312,536
Other creditors	1,209,211	662,426	1,209,211	662,426
	<u>8,976,511</u>	<u>7,541,507</u>	<u>8,976,611</u>	<u>7,646,799</u>

The bank overdraft is secured by a floating charge over the assets of the company registered 12 July 1995.

13 Creditors: amounts owed to Group Companies

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Loans owed to group undertaking:				
Due within one year	1,500,000	-	1,500,000	-
Due after more than one year	1,000,000	1,000,000	1,000,000	1,000,000
	<u>2,500,000</u>	<u>1,000,000</u>	<u>2,500,000</u>	<u>1,000,000</u>

The loans are interest free. Although there are no specific repayment terms, the directors believe that repayment of the loan of £1,000,000 will not be required until after one year.

14 Provisions for liabilities and charges**Dilapidation provision**

	Group and Company
	£
Provision at 29 June 1996	207,500
Transferred during year	51,000
Provision at 30 June 1997	<u>258,500</u>

Deferred taxation

Deferred taxation provided in the financial statements, and the total potential liability including the amounts for which provision has been made, are as follows:

	Amount provided		Total potential liability	
	1997	1996	1997	1996
		£		£
Group				
Tax effect of timing differences because of:				
Excess of tax allowances over depreciation	-	-	-	-
Other	-	-	-	-
Capital gain	-	-	57,320	63,075
	<u>-</u>	<u>-</u>	<u>57,320</u>	<u>63,075</u>
	<u>-</u>	<u>-</u>	<u>57,320</u>	<u>63,075</u>

15 Pension and similar obligations

The group contributes to individual personal pension plans for directors and senior executives. The pension cost charge represents the contributions payable by the group and amounted to £31,221 (1996: £38,436).

16 Called up share capital

	1997	1996
	£	£
Authorised		
20,000,000 ordinary shares of £1 (1996: 20,000,000)	20,000,000	20,000,000
	<u>20,000,000</u>	<u>20,000,000</u>
Allotted, called up and fully paid		
7,866,820 ordinary shares of £1 each (1996: 7,543,274)	7,866,820	7,866,820
	<u>7,866,820</u>	<u>7,866,820</u>

323,546 ordinary shares were issued on 23 June 1997 at par in order to repay a loan from Golden Eagle SA arising in connection with the purchase of fixed assets.

17 Profit and loss account

	£
Group	
At 29 June 1996	(2,580,384)
Profit for the period	756,694
	<u>(1,823,690)</u>
At 30 June 1997	<u>(1,823,690)</u>
Company	
At 29 June 1996	(2,685,676)
Profit for the period	861,886
	<u>(1,823,790)</u>
At 30 June 1997	<u>(1,823,790)</u>

18 Revaluation reserve - group and company

	£
At 30 June 1997 and 29 June 1996	<u>221,500</u>

19 Reconciliation of operating profit to net cash flow from operating activities

	12 months to 30 June 1997 £	16 months to 29 June 1996 £
Operating profit	1,171,464	850,691
Depreciation of tangible fixed assets	649,011	607,435
Gain on sale of tangible fixed assets	-	(512)
Loss on sale of tangible fixed assets	1,628	-
(Increase) in stocks	(1,428,252)	(2,950,771)
Decrease/(increase) in trade debtors	24,992	(5,470)
(Increase) in prepayments and accrued income	(293,454)	(169,550)
(Increase)/decrease in other debtors	(17,798)	1,361
Increase in trade creditors	1,283,887	1,766,043
(Decrease) in amounts owed to parent group companies	(7,797)	(36,634)
(Decrease) in other taxation and social security	(75,959)	(58,493)
Increase in accruals and deferred income	152,131	166,717
Increase in other creditors	546,785	635,689
Increase in provisions	51,000	137,500
Net cash inflow from operating activities	<u><u>2,057,638</u></u>	<u><u>944,006</u></u>

20 Analysis of cash flows for headings netted in the cash flow statement

	12 months to 30 June 1997 £	16 months to 29 June 1996 £
Return on investments and servicing of finance		
Interest received	5,390	19,686
Interest paid	(420,160)	(303,017)
	<u> </u>	<u> </u>
Net cash outflow for returns on investments and servicing of finance	(414,770)	(283,331)
	<u> </u>	<u> </u>
Capital Expenditure		
Purchase of tangible fixed assets	(2,477,560)	(4,706,205)
Sale of tangible fixed assets	7,203	3,951
	<u> </u>	<u> </u>
Net cash outflow for capital expenditure	(2,470,357)	(4,702,254)
	<u> </u>	<u> </u>
Financing		
Issue of ordinary shares	323,546	543,274
Loans	1,500,000	1,000,000
	<u> </u>	<u> </u>
Net cash inflow from financing	1,823,546	1,543,274
	<u> </u>	<u> </u>

21 Reconciliation of net cash flow to movement in net debt

	1997 £	1996 £
Increase/(decrease) in cash in the period	996,057	(2,498,305)
Cash inflow from increase in debt	(1,500,000)	(1,000,000)
	<u> </u>	<u> </u>
Change in net debt resulting from cash flows	(503,943)	(3,498,305)
	<u> </u>	<u> </u>
Movement in net debt in the period	(503,943)	(3,498,305)
Net debt at 30 June 1996	(4,341,725)	(843,420)
	<u> </u>	<u> </u>
Net debt at 30 June 1997	(4,845,668)	(4,341,725)
	<u> </u>	<u> </u>

22 Analysis of net debt

	At 29 June 1996 £	Cashflow £	At 30 June 1997 £
Net cash:			
Cash at bank and in hand	29,250	532,014	561,264
Bank overdraft	(3,370,975)	464,043	(2,906,932)
	<u>(3,341,725)</u>	<u>996,057</u>	<u>(2,345,668)</u>
Debt:			
Debts falling due after one year	(1,000,000)	(1,500,000)	(2,500,000)
Total net debt	<u>(4,341,725)</u>	<u>(503,943)</u>	<u>(4,845,668)</u>

23 Reconciliation of movements in shareholders' funds

	Group		Company	
	1997	1996 £	1997	1996 £
Opening shareholders' funds	5,184,390	4,073,756	5,079,098	3,968,464
Profit for the financial year	756,694	567,360	861,886	567,360
Share capital subscribed	323,546	543,274	323,546	543,274
	<u>6,264,630</u>	<u>5,184,390</u>	<u>6,264,530</u>	<u>5,079,098</u>

24 Financial commitments

At 30 June 1997 the group had annual commitments under non-cancellable operating leases as follows:

	1997		1996	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring within one year	86,122	14,635	-	14,410
Expiring between two and five years inclusive	239,346	47,274	309,700	48,482
Expiring in over five years	2,616,448	-	2,138,977	-
	<u>2,941,916</u>	<u>61,909</u>	<u>2,448,677</u>	<u>62,892</u>

25 Related party disclosures

Your More Store Limited complies with the requirements of Financial Reporting Standard No. 8, "Related party disclosures", which is effective for transactions between Your More Store Limited and its related parties during 1997.

No disclosure is presented of transactions between Your More Store Limited and entities that are part of the Pepkor Limited Group in accordance with the exemptions granted to qualifying subsidiary undertakings under FRS 8.

J J Visser, a non-executive director of Your More Store Limited was also an executive director of Brown and Jackson plc at 30 June 1997.

Your More Store Limited and Brown & Jackson plc are related parties by nature of the fact that they are within the Pepkor group.

Your More Store Limited incur the total cost of J J Visser's salary and re-charge part of this cost to Brown & Jackson plc in relation to his services to Brown & Jackson plc.

The amounts re-charged by Your More Store Limited to Brown & Jackson plc in the course of the year was £30,467.

The amount due to Your More Store Limited at the year end was £7,617.

26 Ultimate and immediate parent companies

The directors regard Retail Holdings Limited, a company registered in Guernsey, as the immediate parent company. According to the register kept by the company, RHL had a 100% interest in the equity of Your More Store Limited at 30 June 1997. The directors regard the ultimate parent company as Pepkor Limited, a company registered in the Republic of South Africa.

Copies of the accounts of the ultimate parent company can be obtained from the Secretary at Pepkor Limited, 36 Stellenberg Road, Parrow Industria 7500, RSA.