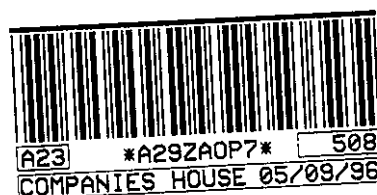


2488212

# **Your More Store Limited**

## **Annual report for the period ended 29 June 1996**

	<b>Pages</b>
<b>Directors and advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2 - 4</b>
<b>Report of the auditors</b>	<b>5</b>
<b>Consolidated profit and loss account</b>	<b>6</b>
<b>Balance sheets</b>	<b>7</b>
<b>Consolidated cash flow statement</b>	<b>8</b>
<b>Notes to the financial statements</b>	<b>9 - 18</b>



## **Directors and advisers**

### **Chairman**

Dr R E Widmer

### **Executive directors**

Mr J J Visser

Mr I Gillan (appointed 27 March 1995)

### **Non-executive director**

Mr M R Rigby

### **Secretary and registered office**

Mr M R Rigby

McClure Naismith Anderson

& Gardiner

12 Mason Avenue

London

EC2V 5BT

### **Registered Auditors**

Coopers & Lybrand

Kintyre House

209 West George Street

Glasgow

G2 2LW

### **Solicitors**

McClure Naismith Anderson

& Gardiner

292 St Vincent Street

Glasgow

G2 5TQ

### **Bankers**

Banque Indo Suez

122 Leadenhall Street

London

EC3V 4QH

The Royal Bank of Scotland Plc

Westergate Branch

292 Argyle Street

Glasgow

G2 8DD

## **Directors' report for the period ended 29 June 1996**

The directors present their report and the audited financial statements for the period ended 29 June 1996.

### **Principal activities**

The consolidated profit and loss account for the year is set out on page 6.

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 105 at 29 June 1996. 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 period of £567,360 will be transferred to reserves.

### **Directors**

The directors of the company at 29 June 1996, all of whom have been directors for the whole period ended on that date unless otherwise indicated, are listed on page 1.

Mr I Gillan was appointed as a Director on 27 March 1995.

### **Directors' interests in shares of the company**

No directors held beneficial interests in the shares of the company or the group at 29 June 1996, or at any time during the period.

### **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 persons. 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.

**Accounting reference date**

The accounting reference date has changed from 28 February to 30 June. These financial statements have been prepared for the 16 month period ended 29 June 1996.

**Responsibilities of directors**

The directors are required by UK company law to prepare financial statement 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 period ended 29 June 1996. 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.

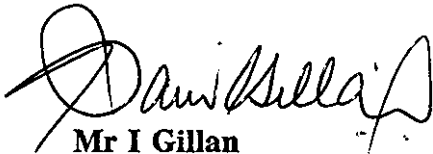
**Taxation status**

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 period.

**Auditors**

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

**By order of the board**

A handwritten signature in black ink, appearing to read 'I Gillan', written over a horizontal line.

**Mr I Gillan  
Director**

26 July 1996

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

We have audited the financial statements on pages 6 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 29 June 1996 and of the profit, and cash flows of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**Coopers & Lybrand**  
**Chartered Accountants and Registered Auditors**  
Glasgow

26 July 1996

## Consolidated profit and loss account for the period ended 29 June 1996

	Notes	16 months to 29 June 1996 £	12 months to 25 February 1995 £
<b>Turnover</b>			
Continuing operations		28,129,989	16,126,810
Acquisitions		6,420,803	-
	2	<u>34,550,792</u>	<u>16,126,810</u>
Cost of sales		(19,649,777)	(9,460,910)
<b>Gross profit</b>			
Continuing operations		12,128,541	6,665,900
Acquisitions		2,772,474	-
		<u>14,901,015</u>	<u>6,665,900</u>
Other operating expenses	3	(14,050,324)	(6,551,437)
<b>Operating profit</b>		850,691	114,463
Other interest receivable and similar income		19,686	7,874
Interest payable and similar charges	6	(303,017)	(106,763)
<b>Profit on ordinary activities before taxation</b>	7	<u>567,360</u>	<u>15,574</u>
Tax on ordinary activities	7	-	(544)
<b>Profit for the period</b>	18	<u><u>567,360</u></u>	<u><u>15,030</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 period stated above, and their historical cost equivalents.

## Balance sheets at 29 June 1996

	Notes	Group		Company	
		1996	At 25 February 1995	1996	At 25 February 1995
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8	<u>6,674,967</u>	<u>3,291,879</u>	<u>6,674,967</u>	<u>3,291,879</u>
<b>Current assets</b>					
Stocks	10	6,750,768	3,087,754	6,750,768	3,087,754
Debtors	11	478,412	304,753	478,412	304,753
Cash at bank and in hand		<u>29,250</u>	<u>200,150</u>	<u>29,250</u>	<u>200,150</u>
		<u>7,258,430</u>	<u>3,592,657</u>	<u>7,258,430</u>	<u>3,592,657</u>
Creditors: amounts falling due within one year	12	<u>7,541,507</u>	<u>2,740,780</u>	<u>7,646,799</u>	<u>2,846,072</u>
Net current (liabilities)/assets		<u>(283,077)</u>	<u>851,877</u>	<u>(388,369)</u>	<u>746,585</u>
<b>Total assets less current liabilities</b>		<u>6,391,890</u>	<u>4,143,756</u>	<u>6,286,598</u>	<u>4,038,464</u>
Creditors: amounts falling due after one year	13	1,000,000	-	1,000,000	-
Provisions for liabilities and charges	14	<u>207,500</u>	<u>70,000</u>	<u>207,500</u>	<u>70,000</u>
Net assets		<u><u>5,184,390</u></u>	<u><u>4,073,756</u></u>	<u><u>5,079,098</u></u>	<u><u>3,968,464</u></u>
<b>Capital and reserves</b>					
Called up share capital	16	7,543,274	7,000,000	7,543,274	7,000,000
Profit and loss account	18	(2,580,384)	(3,147,744)	(2,685,676)	(3,253,036)
Revaluation reserve	19	<u>221,500</u>	<u>221,500</u>	<u>221,500</u>	<u>221,500</u>
Total equity shareholders' funds	22	<u><u>5,184,390</u></u>	<u><u>4,073,756</u></u>	<u><u>5,079,098</u></u>	<u><u>3,968,464</u></u>

The financial statements on pages 5 to 18 were approved by the board of directors on 26 July 1996 and were signed on its behalf by:



Mr J J Visser  
Director



## Consolidated cash flow statement for the period ended 29 June 1996

	Notes	16 months to 29 June 1996 £	12 months to 25 February 1995 £
Net cash inflow/(outflow) from operating activities	20	944,006	(1,455,085)
Returns on investments and servicing of finance			
Interest received		19,686	7,874
Interest paid		(303,017)	(106,763)
Net cash outflow from returns on investments and servicing of finance		(283,331)	(98,889)
Taxation			
UK corporation tax received		-	98,309
Investing activities			
Purchase of retail outlets		(1,857,728)	-
Purchase of tangible fixed assets		(2,848,477)	(564,562)
Receipt from sales of tangible fixed assets		3,951	-
Net cash outflow from investing activities		(4,702,254)	(564,562)
Net cash outflow before financing		(4,041,579)	(2,020,227)
Financing			
Issue of shares		543,274	2,100,000
Loans		1,000,000	-
(Decrease)/increase in cash and cash equivalents	21	(2,498,305)	79,773

**Notes to the financial statements  
for the period ended 29 June 1996****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 value of goods sold.

## Deferred taxation

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

## Pension costs

The company's subsidiary operates a defined contribution pension scheme (see note 15).

## 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

	16 months to 29 June 1996 £	12 months to 25 February 1995 £
Selling and distribution costs	12,466,941	5,951,677
Administrative expenses	2,067,414	856,980
	<u>14,534,355</u>	<u>6,808,657</u>
Less: other operating income	(484,031)	(257,220)
	<u>14,050,324</u>	<u>6,551,437</u>

## 4 Directors' emoluments

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

	16 months to 29 June 1996 £	12 months to 25 February 1995 £
Fees	156,241	92,866
Other pension costs	21,070	19,533
Other benefits	13,516	9,627
Consideration paid to third parties for service of directors	11,701	7,017
	<u>202,528</u>	<u>129,043</u>

Fees and other emoluments (excluding pension contributions) include amounts paid to:

	16 months to 29 June 1996 £	12 months to 25 February 1995 £
The highest-paid director	98,405	60,127
The chairman	2,400	2,950

The number of directors (including the chairman and the highest-paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	16 months to 29 June 1996 Number	12 months to 25 February 1995 Number
£0 to £5,000	2	3
£5,001 to £10,000	-	1
£10,001 to £15,000	-	1
£15,001 to £20,000	1	-
£20,001 to £25,000	1	-

## 5 Employee information

The average weekly number of persons (including executive directors) employed by the group during the period was:

	16 months to 29 June 1996 Number	12 months to 25 February 1995 Number
Sales staff	700	345
Warehouse and distribution	9	29
Office and management	33	26
	742	400

	16 months to 29 June 1996 £	12 months to 25 February 1995 £
Staff costs (for the above persons):		
Wages and salaries	5,612,996	2,989,987
Social security costs	292,582	174,751
Other pension costs (see note 15)	38,436	32,573
	5,944,014	3,197,311

## 6 Interest payable and similar charges

	16 months to 29 June 1996 £	12 months to 25 February 1995 £
On bank loans, overdraft and other loans:		
Repayable within 5 years, not by instalments	303,017	106,763

**7 Profit on ordinary activities before taxation**

	16 months to 29 June 1996 £	12 months to 25 February 1995 £
Profit on ordinary activities before taxation is stated after crediting:		
Profit on disposal of tangible fixed assets	512	-
And after charging:		
Depreciation charge for the period:		
Tangible owned fixed assets	607,435	227,722
Auditors' remuneration for:		
Audit	23,100	19,500
Other services	25,205	3,500
Operating leases - motor vehicles	74,759	52,179
- property rentals	2,681,744	1,099,650

The taxation charge arising for the period is £Nil due to trading losses brought forward from prior years (1995: £544 relating to overstatement of Corporation Tax recoverable by Fields (Scotland) Limited in 1994.)

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 £567,360 (1995: £15,574).

**8 Tangible fixed assets****Group and company**

	Freehold land and buildings £	Leasehold £	Shopfittings & equipment £	Office & warehouse equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>						
At 26 February 1995	1,895,248	945,671	910,573	129,166	20,567	3,901,225
Additions	2,123,659	763,319	1,025,826	76,912	4,246	3,993,962
Disposals	-	-	(2,501)	(2,250)	(3,467)	(8,218)
<b>At 29 June 1996</b>	<b>4,018,907</b>	<b>1,708,990</b>	<b>1,933,898</b>	<b>203,828</b>	<b>21,346</b>	<b>7,886,969</b>
<b>Depreciation</b>						
At 26 February 1995	64,524	105,304	347,754	75,748	16,016	609,346
Charge for period	75,933	178,424	302,698	46,383	3,997	607,435
Disposals	-	-	(300)	(1,012)	(3,467)	(4,779)
<b>At 29 June 1996</b>	<b>140,457</b>	<b>283,728</b>	<b>650,152</b>	<b>121,119</b>	<b>16,546</b>	<b>1,212,002</b>
<b>Net Book Value</b>						
29 June 1996	3,878,450	1,425,262	1,283,746	82,709	4,800	6,674,967
<b>Net Book Value</b>						
25 February 1995	1,830,724	840,367	562,819	53,418	4,551	3,291,879

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:

	1996 £	1995 £
Cost	3,797,407	1,673,748
Aggregate depreciation based on cost	142,730	72,704
Net book value based on cost	<u>3,654,677</u>	<u>1,601,044</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	
	1996 £	1995 £
Goods for resale	6,708,737	3,043,498
Consumable stock	42,031	44,256
	<u>6,750,768</u>	<u>3,087,754</u>

## 11 Debtors

	Group		Company	
	1996 £	1995 £	1996 £	1995 £
Amounts falling due within one year				
Trade debtors	31,780	26,310	31,780	26,310
Other debtors	66,588	67,949	66,588	67,949
Prepayments and accrued income	380,044	210,494	380,044	210,494
	<u>478,412</u>	<u>304,753</u>	<u>478,412</u>	<u>304,753</u>

**12 Creditors: amounts falling due within one year**

	Group		Company	
	1996	1995	1996	1995
	£	£	£	£
Bank loans and overdrafts	3,370,975	1,043,570	3,370,975	1,043,570
Trade creditors	2,964,631	1,198,588	2,964,631	1,198,588
Amounts owed to parent group companies	7,797	44,431	7,797	44,431
Amounts owed to subsidiary	-	-	105,292	105,292
Other taxation and social security	223,142	281,635	223,142	281,635
Accruals	312,536	145,819	312,536	145,819
Other creditors	662,426	26,737	662,426	26,737
	<u>7,541,507</u>	<u>2,740,780</u>	<u>7,646,799</u>	<u>2,846,072</u>

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

**13 Creditors: amounts falling due after more than one year**

	Group		Company	
	1996	1995	1996	1995
	£	£	£	£
Loans owed to group undertaking	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>

The loan is interest free and is not repayable until after one year.

**14 Provisions for liabilities and charges**

**Dilapidation provision**

	Group and Company
	£
Provision at 25 February 1995	70,000
Transferred during period	<u>137,500</u>
Provision at 29 June 1996	<u>207,500</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	
	1996	1995	1996	1995
	£	£	£	£
<b>Group</b>				
Tax effect of timing differences because of:				
Excess of tax allowances over depreciation	-	-	-	-
Other	-	-	-	-
Capital gain	-	-	63,075	66,000
	<u>-</u>	<u>-</u>	<u>63,075</u>	<u>66,000</u>
	<u>-</u>	<u>-</u>	<u>63,075</u>	<u>66,000</u>

## 15 Pension and similar obligations

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents the contributions payable by the group to the fund and amounted to £38,436 (1995: £32,573).

## 16 Called up share capital

	1996	1995
	£	£
<b>Authorised</b>		
20,000,000 ordinary shares of £1 (1995: 20,000,000)	20,000,000	20,000,000
<b>Allotted, called up and fully paid</b>		
7,543,274 ordinary shares of £1 each (1995: 7,000,000)	7,543,274	7,000,000

543,274 ordinary shares were issued on 31 May 1996 at par in order to repay a loan from Golden Eagle SA arising in connection with the purchase of fixed assets.

## 17 Acquisitions

On 3 July 1995 the company acquired certain assets of Harwill Trading Limited, trading as "Winners" for a total consideration of £1,857,728. The consideration was satisfied by cash amounting to £1,857,728. The group has used acquisition accounting to account for the purchase.



The assets of Winners acquired are set out below:

	Book value and Fair value £
Tangible fixed assets	1,145,485
Current assets	
Stock	712,243
Total assets	<u>1,857,728</u>
Liabilities	Nil
Net assets	<u>1,857,728</u>
Satisfied by	
Cash	<u>1,857,728</u>
	<u>1,857,728</u>

## Impact of profit and loss account and cash flows

It is only possible to identify the contribution to turnover and gross profit of Winners which was acquired in the period. No indication can be given of the contribution to operating profit of Winners and the impact on cash flows.

## Analysis of the net outflow of cash and cash equivalents in respect of the purchase of Winners

	£
Cash consideration	1,857,728
Net outflow of cash and cash equivalents in respect of the purchase	<u>1,857,728</u>

## 18 Profit and loss account

	£
Group	
At 25 February 1995	(3,147,744)
Profit for the period	567,360
At 29 June 1996	<u>(2,580,384)</u>
Company	
At 25 February 1995	(3,253,036)
Profit for the period	567,360
At 29 June 1996	<u>(2,685,676)</u>

**19 Revaluation reserve - company and group**

£

At 29 June 1996 and 25 February 1995

221,500

**20 Reconciliation of operating profit to net cash outflow from operating activities**

	16 months to 29 June 1996 £	12 months to 25 February 1995 £
Operating profit	850,691	114,463
Depreciation of tangible fixed assets	607,435	227,722
Profit on sale of tangible fixed assets	(512)	-
Increase in stocks	(2,950,771)	(260,843)
Increase in trade debtors	(5,470)	(25,416)
(Increase)/decrease in prepayments and accrued income	(169,550)	123,198
Decrease/(increase) in other debtors	1,361	(21,373)
Increase in trade creditors	1,766,043	330,402
Decrease in amounts owed to parent group companies	(36,634)	(139,014)
(Decrease)/increase in other taxation and social security	(58,493)	21,518
Increase/(decrease) in accruals and deferred income	166,717	(91,753)
Increase/(decrease) in other creditors	635,689	(1,750,989)
Increase in provisions	137,500	17,000
<b>Net cash inflow/(outflow) from operating activities</b>	<u><b>944,006</b></u>	<u><b>(1,455,085)</b></u>

**21 Cash and cash equivalents - group**

	1996 £	1995 £
<b>Changes during the period</b>		
At 25 February 1995	(843,420)	(923,193)
Net cash (outflow)/inflow	(2,498,305)	79,773
<b>At 29 June 1996</b>	<u><b>(3,341,725)</b></u>	<u><b>(843,420)</b></u>

	1996 £	1995 £	Change in period £
<b>Analysis of balances</b>			
Cash at bank and in hand	29,250	200,150	(170,900)
Bank overdrafts	(3,370,975)	(1,043,570)	(2,327,405)
<b>At 29 June 1996</b>	<u><b>(3,341,725)</b></u>	<u><b>(843,420)</b></u>	<u><b>(2,498,305)</b></u>

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

	Group		Company	
	1996 £	1995 £	1996 £	1995 £
Opening shareholders' funds	4,073,756	1,958,726	3,968,464	1,852,890
Profit for the financial period	567,360	15,030	567,360	15,574
Share capital subscribed	543,274	2,100,000	543,274	2,100,000
	<u>5,184,390</u>	<u>4,073,756</u>	<u>5,079,098</u>	<u>3,968,464</u>

**23 Financial commitments**

At 29 June 1996 the group had annual commitments under non-cancellable operating leases as follows:

	1996		1995	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring within one year	-	14,410	-	-
Expiring between two and five years inclusive	309,700	48,482	-	-
Expiring in over five years	2,138,977	-	1,218,502	-
	<u>2,448,677</u>	<u>62,892</u>	<u>1,218,502</u>	<u>-</u>

**24 Ultimate and immediate parent companies**

The directors regard Golden Eagle SA, a company registered in Luxembourg, as the ultimate parent company. According to the register kept by the company, Golden Eagle SA had a 100% interest in the equity of Your More Store Limited at 29 June 1996.