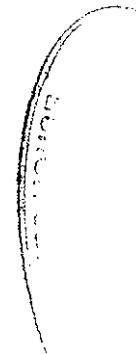


Your More Store Limited

Annual report for the year ended 30 June 1998

Registered no: 2488212



Your More Store Limited

Annual report for the year ended 30 June 1998

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Directors and advisers

Chairman

Dr R E Widmer
(resigned 28 July 1997)
Mr J J Visser
(appointed 28 July 1997)

Executive directors

Mr I Gillan
Mr J J Visser
(from 1 October 1997)

Non-executive directors

Mr M R Rigby
Mr J J Visser
(to 1 October 1997)

Secretary and registered office

Mr I Gillan
McClure Naismith Anderson
& Gardiner
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 Anderson
& Gardiner
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 1998

The directors present their report and the audited financial statements for the year ended 30 June 1998.

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 144 at 30 June 1998. 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 £1,257,976 will be transferred to reserves.

Directors

The directors of the company at 30 June 1998, all of whom have been directors for the whole year ended on that date unless otherwise indicated, are listed on page 1.

On 28 July 1997, Dr R E Widmer resigned as Chairman.

On the same date, J J Visser was appointed as Chairman of the company.

On 1 October 1997, J J Visser transferred from a non-executive director to become an executive director of the company on the same date.

Directors' interests

Interest in shares

No directors have a beneficial interest in the shares of Your More Store Limited.

At 30 June 1998, J J Visser was a director of the holding company, Brown & Jackson plc. His beneficial interest in the share capital of Brown & Jackson plc is shown in the accounts of that company.

The interests of the directors of Your More Store Limited at 30 June 1998 in the share capital of Brown & Jackson plc were as follows:

| | Ordinary shares of 10p each | |
|----------|-----------------------------|--------------|
| | 30 June 1998 | 30 June 1997 |
| | Number | Number |
| M Rigby | 63,050 | - |
| I Gillan | - | - |

Interest in share options

At March 1998, there were unexercised share options for shares of 10p each in the holding company, Brown & Jackson plc, granted in favour of directors of the company as outlined below:

| Grantee | Granted | Exercise price | Date from which exercisable | Expiry date |
|----------|---------|----------------|-----------------------------|-------------|
| M Rigby | 250,000 | 45p | March 2001 | 2005 |
| I Gillan | 100,000 | 45p | March 2001 | 2005 |

The options were granted under the 1992 Brown & Jackson plc performance related share option scheme. No options are currently exercisable.

The market price of the holding company's shares at the end of the financial year was 53p and the range of market prices during the year was between 15.5p and 58.5p.

Employees

The group's policy is to consult and discuss with employees, through meetings and unions where applicable, and at meetings and conferences, 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.

Year 2000 compliance

The Year 2000 issue, which stems from computer programs written using two digits rather than four to define the applicable year, could result in processing faults on the change of the century.

The group has conducted a review of its computer systems and computer-controlled processes to identify those which could be affected and to develop a plan for correcting any problem areas. Confirmation of compliance is being sought from suppliers and certain systems have been tested. To date a minimal number of systems have been identified as being affected. Any costs associated with correction that were not already covered by the group's normal ongoing upgrade policy are expected to be immaterial.

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 1998. 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.

Auditors

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July and a resolution to appoint the new firm, PricewaterhouseCoopers, as auditors to the company will be proposed at the annual general meeting.

By order of the board



I Gillan
Director

30 July 1998

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

We have audited the financial statements on pages 6 to 19.

Respective responsibilities of directors and auditors

As described on page 4, 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.

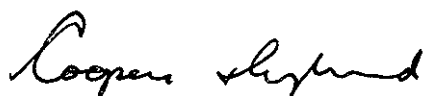
Basis of opinion

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 1998 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

30 July 1998

Consolidated profit and loss account for the year ended 30 June 1998

| | Notes | 12 months to 30 June 1998 £ | 12 months to 30 June 1997 £ |
|--|-------|--------------------------------------|--------------------------------------|
| Turnover | | | |
| Continuing operations | | 40,960,667 | 34,725,895 |
| | 2 | 40,960,667 | 34,725,895 |
| Cost of sales | | (22,366,404) | (19,724,299) |
| Gross profit | | | |
| Continuing operations | | 18,594,263 | 15,001,596 |
| Net operating expenses | 3 | (16,856,237) | (14,008,342) |
| Operating profit | | | |
| Continuing operations | | 1,738,026 | 993,254 |
| Interest receivable and similar income | | 8,906 | 5,390 |
| Interest payable and similar charges | 6 | (416,390) | (241,950) |
| Profit on ordinary activities before taxation | 7 | 1,330,542 | 756,694 |
| Tax on ordinary activities | 8 | (72,566) | - |
| Retained profit for the financial year | 20 | 1,257,976 | 756,694 |

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 1998

| | Notes | Group | | Company | |
|--|-------|----------------------------|----------------------------|----------------------------|----------------------------|
| | | At 30 June 1998 £ | At 30 June 1997 £ | At 30 June 1998 £ | At 30 June 1997 £ |
| Fixed assets | | | | | |
| Tangible assets | 11 | <u>10,356,220</u> | <u>8,494,685</u> | <u>10,356,220</u> | <u>8,494,685</u> |
| Current assets | | | | | |
| Stocks | 13 | 9,041,562 | 8,179,020 | 9,041,562 | 8,179,020 |
| Debtors | 14 | 1,105,470 | 764,672 | 1,105,470 | 764,672 |
| Cash at bank and in hand | | <u>715,523</u> | <u>1,274,527</u> | <u>715,523</u> | <u>1,274,527</u> |
| | | 10,862,555 | 10,218,219 | 10,862,555 | 10,218,219 |
| Creditors: amounts falling due within one year: | 15 | <u>10,873,169</u> | <u>11,189,774</u> | <u>10,873,269</u> | <u>11,189,874</u> |
| Net current (liabilities) | | <u>(10,614)</u> | <u>(971,555)</u> | <u>(10,714)</u> | <u>(971,655)</u> |
| Total assets less current liabilities | | 10,345,606 | 7,523,130 | 10,345,506 | 7,523,030 |
| Creditors: amounts falling due after one year | 16 | 2,500,000 | 1,000,000 | 2,500,000 | 1,000,000 |
| Provisions for liabilities and charges | 17 | <u>323,000</u> | <u>258,500</u> | <u>323,000</u> | <u>258,500</u> |
| Net assets | | <u><u>7,522,606</u></u> | <u><u>6,264,630</u></u> | <u><u>7,522,506</u></u> | <u><u>6,264,530</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 19 | 7,866,820 | 7,866,820 | 7,866,820 | 7,866,820 |
| Profit and loss account | 20 | (565,714) | (1,823,690) | (565,814) | (1,823,790) |
| Revaluation reserve | 21 | <u>221,500</u> | <u>221,500</u> | <u>221,500</u> | <u>221,500</u> |
| Total equity shareholders' funds | 26 | <u><u>7,522,606</u></u> | <u><u>6,264,630</u></u> | <u><u>7,522,506</u></u> | <u><u>6,264,530</u></u> |

The financial statements on pages 6 to 19 were approved by the board of directors on 30 July 1998 and were signed on its behalf by:



I Gillan
Director

Consolidated cash flow statement for the year ended 30 June 1998

| | Notes | 12 months to 30 June 1998 £ | 12 months to 30 June 1997 £ |
|--|-------|-----------------------------------|-----------------------------------|
| Net cash inflow from operating activities | 22 | 1,787,310 | 2,386,074 |
| Returns on investments and servicing of finance | 23 | (407,484) | (236,560) |
| Taxation | | - | - |
| Capital expenditure | 23 | <u>(2,667,918)</u> | <u>(2,470,357)</u> |
| Cash outflow before management of liquid resources and financing | | (1,288,092) | (320,843) |
| Financing | 23 | <u>-</u> | <u>1,823,546</u> |
| Increase/(decrease) in cash in the period | 24 | <u><u>(1,288,092)</u></u> | <u><u>1,502,703</u></u> |

**Notes to the financial statements
for the year ended 30 June 1998****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.

Foreign currency

Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year, unless they are hedged by a forward currency contract.

Trading activities are translated into sterling at the rate of exchange ruling at the time of the transaction.

Any resultant gain or loss on exchange is included in the profit or loss on ordinary activities.

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.

Cash at bank and in hand

In order to bring the Group's policy into line with Brown & Jackson plc, the Group's immediate parent, the figure shown for cash at bank and in hand was changed to the total of the bank statement balances, together with any cash balances. Uncredited lodgements relating to cheques and credit card deposits were shown in debtors and unpresented cheques were shown in creditors. The comparative figures for 30 June 1997 were restated accordingly.

Pension costs

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

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 Net operating expenses

| | 12 months to 30 June 1998 | 12 months to 30 June 1997 |
|--------------------------------|------------------------------|------------------------------|
| | £ | £ |
| Selling and distribution costs | 14,477,679 | 12,158,407 |
| Administrative expenses | 2,434,304 | 2,043,147 |
| | <hr/> | <hr/> |
| | 16,911,983 | 14,201,554 |
| Less: other operating income | (55,746) | (193,212) |
| | <hr/> | <hr/> |
| | 16,856,237 | 14,008,342 |
| | <hr/> | <hr/> |

4 Directors' emoluments

The remuneration paid to the directors in respect of employment and services to Your More Store Limited was:

| | 12 months to 30 June 1998 £ | 12 months to 30 June 1997 £ |
|--|-----------------------------------|-----------------------------------|
| Aggregate emoluments | 101,416 | 100,220 |
| Company pension contributions to money purchase pension scheme | 12,455 | 15,630 |
| Sums paid to third parties for directors' services | 24,187 | 11,483 |

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 directors) employed by the group during the year was:

| | 12 months to 30 June 1998 Number | 12 months to 30 June 1997 Number |
|----------------------------|--|--|
| Sales staff | 1,251 | 1,060 |
| Warehouse and distribution | 2 | 2 |
| Office and management | 67 | 57 |
| | <u>1,320</u> | <u>1,119</u> |

| | 12 months to 30 June 1998 £ | 12 months to 30 June 1997 £ |
|--------------------------------------|-----------------------------------|-----------------------------------|
| Staff costs (for the above persons): | | |
| Wages and salaries | 6,352,271 | 5,283,721 |
| Social security costs | 303,356 | 245,509 |
| Other pension costs (see note 18) | 35,145 | 31,221 |
| | <u>6,690,772</u> | <u>5,560,451</u> |

6 Interest payable and similar charges

| | 12 months to 30 June 1998 £ | 12 months to 30 June 1997 £ |
|--|-----------------------------------|-----------------------------------|
| On bank loans, overdraft and other loans: | | |
| Repayable within 5 years, not by instalments | (416,390) | (241,950) |

7 Profit on ordinary activities before taxation

| | 12 months to 30 June 1998 | 12 months to 30 June 1997 |
|--|------------------------------|------------------------------|
| | £ | £ |
| Profit on ordinary activities before taxation is stated after charging | | |
| Loss/(gain) on disposal of tangible fixed assets | - | 1,628 |
| Depreciation charge for the period: | | |
| Tangible owned fixed assets | 806,383 | 649,011 |
| Auditors' remuneration for: | | |
| Audit | 29,000 | 27,300 |
| Other services | 9,583 | 5,115 |
| Operating leases - motor vehicles | 72,862 | 61,904 |
| - property rentals | 2,832,592 | 2,450,883 |
| | <u> </u> | <u> </u> |

8 Tax on profit on ordinary activities

| | 12 months to 30 June 1998 | 12 months to 30 June 1997 |
|--|------------------------------|------------------------------|
| | £ | £ |
| United Kingdom corporation tax at 31 % (1997: 33%) | | |
| Current | 72,566 | - |
| Deferred | - | - |
| | <u> </u> | <u> </u> |
| | 72,566 | - |
| | <u> </u> | <u> </u> |

The taxation charge has been reduced by group relief.

9 Profit for the financial year

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 £1,257,976 (1997: £861,886).

10 Change in accounting policy

During the year the accounting policy on cash at bank and in hand was changed to the total of the bank statement balances together with any cash balances, in order to bring the Group's policy into line with Brown & Jackson plc, the Group's immediate parent. Uncredited lodgements relating to cheques and credit card deposits were shown in debtors and unrepresented cheques were shown in creditors. The comparative figures for 30 June 1997 were restated accordingly.

The effect of the change in accounting policy is to increase the cash at bank by £671,820 (1997: £713,263) and to reduce the bank overdraft by £407,705 (1997: increase the overdraft by £206,617).

11 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 1997 | 5,068,658 | 2,301,430 | 2,754,772 | 206,136 | 4,246 | 10,335,242 |
| Additions | 1,487,127 | 602,811 | 563,326 | 14,654 | - | 2,667,918 |
| Disposals | - | - | - | - | - | - |
| At 30 June 1998 | 6,555,785 | 2,904,241 | 3,318,098 | 220,790 | 4,246 | 13,003,160 |
| Depreciation | | | | | | |
| At 30 June 1997 | 234,051 | 448,746 | 998,278 | 156,784 | 2,698 | 1,840,557 |
| Charge for period | 116,401 | 188,906 | 474,592 | 24,936 | 1,548 | 806,383 |
| Disposals | - | - | - | - | - | - |
| At 30 June 1998 | 350,452 | 637,652 | 1,472,870 | 181,720 | 4,246 | 2,646,940 |
| 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 | | | | | | |
| 30 June 1998 | 6,205,333 | 2,266,589 | 1,845,228 | 39,070 | - | 10,356,220 |

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:

| | 1998 £ | 1997 £ |
|--------------------------------------|------------------|------------------|
| Cost | 6,334,285 | 4,847,158 |
| Aggregate depreciation based on cost | 350,452 | 234,051 |
| Net book value based on cost | 5,983,833 | 4,613,107 |

12 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.

13 Stocks

| | Group and company 1998 £ | Group and company 1997 £ |
|------------------|-----------------------------------|-----------------------------------|
| Goods for resale | 9,039,547 | 8,142,853 |
| Consumable stock | 2,015 | 36,167 |
| | <u>9,041,562</u> | <u>8,179,020</u> |

14 Debtors

| | Group | | Company | |
|-------------------------------------|------------------|----------------|------------------|----------------|
| | 1998 | 1997 £ | 1998 | 1997 £ |
| Amounts falling due within one year | | | | |
| Trade debtors | 30,774 | 6,788 | 30,774 | 6,788 |
| Other debtors | 100,831 | 84,386 | 100,831 | 84,386 |
| Prepayments and accrued income | 973,865 | 673,498 | 973,865 | 673,498 |
| | <u>1,105,470</u> | <u>764,672</u> | <u>1,105,470</u> | <u>764,672</u> |

15 Creditors: amounts falling due within one year

| | Group | | Company | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 1998 | 1997 £ | 1998 | 1997 £ |
| Bank overdrafts | 3,842,637 | 3,113,549 | 3,842,637 | 3,113,549 |
| Trade creditors | 3,983,331 | 4,248,518 | 3,983,331 | 4,248,518 |
| Amounts owed to group companies | 195,008 | 263,096 | 195,008 | 263,096 |
| Group company loans | | 1,500,000 | 100 | 1,500,100 |
| Amounts owed to subsidiary | - | - | - | - |
| Other taxation and social security | 302,947 | 147,183 | 302,947 | 147,183 |
| Accruals | 666,156 | 464,667 | 666,156 | 464,667 |
| Other creditors | 1,810,524 | 1,452,761 | 1,810,524 | 1,452,761 |
| Corporation tax | 72,566 | - | 72,566 | - |
| | <u>10,873,169</u> | <u>11,189,774</u> | <u>10,873,269</u> | <u>11,189,874</u> |

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

16 Creditors: amounts falling due after one year

| | Group | | Company | |
|---------------------------|------------------|------------------|------------------|------------------|
| | 1998 | 1997 | 1998 | 1997 |
| Group company loans | <u>2,500,000</u> | <u>1,000,000</u> | <u>2,500,000</u> | <u>1,000,000</u> |
| | | | | |
| Group company loans | Group | | Company | |
| | 1998 | 1997 | 1998 | 1997 |
| | £ | £ | £ | £ |
| Repayable as follows: | | | | |
| In one year or less | - | 1,500,000 | - | 1,500,000 |
| Between one and two years | <u>2,500,000</u> | <u>1,000,000</u> | <u>2,500,000</u> | <u>1,000,000</u> |
| | <u>2,500,000</u> | <u>2,500,000</u> | <u>2,500,000</u> | <u>2,500,000</u> |

The amounts owed to parent group companies relate to a loan of £2,500,000 from Brown & Jackson plc. This bears interest at LIBOR plus 1% and is repayable on the date following 13 months after notice requiring repayment.

17 Provisions for liabilities and charges**Group and company**

| | Dilapidation provision £ |
|-----------------------------|--------------------------------|
| At 1 July 1997 | 258,500 |
| Transferred during the year | <u>64,500</u> |
| At 30 June 1998 | <u>323,000</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 | |
|--|-----------------|----------|---------------------------|---------------|
| | 1998 | 1997 | 1998 | 1997 |
| | £ | £ | £ | £ |
| Group | | | | |
| Tax effect of timing differences because of: | | | | |
| Excess of tax allowances over depreciation | - | - | 303,316 | - |
| STTDs | - | - | (197,484) | - |
| Losses | - | - | - | - |
| Capital gains | - | - | - | 57,320 |
| | <u>-</u> | <u>-</u> | <u>105,832</u> | <u>57,320</u> |

18 Pension and similar obligations

The group contributes to individual personal pension plans for directors and senior personnel. The pension cost charge represents the contributions payable by the group and amounted to £35,145 (1997: £31,221).

19 Called up share capital

| | 1998 £ | 1997 £ |
|--|-------------------|------------|
| Authorised | | |
| 20,000,000 ordinary shares of £1 (1996: 20,000,000) | 20,000,000 | 20,000,000 |
| | <hr/> | <hr/> |
| Allotted, called up and fully paid | | |
| 7,866,820 ordinary shares of £1 each (1997: 7,866,820) | 7,866,820 | 7,866,820 |
| | <hr/> | <hr/> |

20 Profit and loss account

| | £ |
|-----------------------|-------------|
| Group | |
| At 1 July 1997 | (1,823,690) |
| Profit for the period | 1,257,976 |
| | <hr/> |
| At 30 June 1998 | (565,714) |
| | <hr/> |
| | £ |
| Company | |
| At 1 July 1997 | (1,823,790) |
| Profit for the period | 1,257,976 |
| | <hr/> |
| At 30 June 1998 | (565,814) |
| | <hr/> |

21 Revaluation reserve - group and company

| | £ |
|----------------------------------|---------|
| At 30 June 1998 and 30 June 1997 | 221,500 |
| | <hr/> |

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

| | 12 months to 30 June 1998 | 12 months to 30 June 1997 |
|---|------------------------------|------------------------------|
| | £ | £ |
| Operating profit | 1,738,026 | 993,254 |
| Depreciation of tangible fixed assets | 806,383 | 649,011 |
| Gain on sale of tangible fixed assets | - | - |
| Loss on sale of tangible fixed assets | - | 1,628 |
| (Increase) in stocks | (862,542) | (1,428,252) |
| (Increase)/decrease in trade debtors | (23,986) | 24,992 |
| (Increase) in prepayments and accrued income | (300,367) | (293,454) |
| (Increase) in other debtors | (16,445) | (17,798) |
| (Decrease)/increase in trade creditors | (265,187) | 1,283,887 |
| (Decrease)/increase in amounts owed to group companies | (68,088) | 255,299 |
| Increase/(decrease) in other taxation and social security | 155,764 | (75,959) |
| Increase in accruals and deferred income | 201,489 | 152,131 |
| Increase in other creditors | 357,763 | 790,335 |
| Increase in provisions | 64,500 | 51,000 |
| Net cash inflow from operating activities | 1,787,310 | 2,386,074 |

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

| | 12 months to 30 June 1998 | 12 months to 30 June 1997 |
|---|------------------------------|------------------------------|
| | £ | £ |
| Return on investments and servicing of finance | | |
| Interest received | 8,906 | 5,390 |
| Interest paid | (416,390) | (241,950) |
| Net cash outflow for returns on investments and servicing of finance | (407,484) | (236,560) |
| Capital Expenditure | | |
| Purchase of tangible fixed assets | (2,667,918) | (2,477,560) |
| Sale of tangible fixed assets | - | 7,203 |
| Net cash outflow for capital expenditure | (2,667,918) | (2,470,357) |
| Financing | | |
| Issue of ordinary shares | - | 323,546 |
| Loans | 1,000,000 | 1,500,000 |
| Repayment of loans | (1,000,000) | - |
| Net cash inflow from financing | - | 1,823,546 |

24 Reconciliation of net cash flow to movement in net debt

| | 1998 £ | 1997 £ |
|--|-------------|-------------|
| Increase/(decrease) in cash in the period | (1,288,092) | 1,502,703 |
| Cash inflow from increase in debt | - | (1,500,000) |
| Change in net debt resulting from cash flows | (1,288,092) | 2,703 |
| Movement in net debt in the period | (1,288,092) | 2,703 |
| Net debt at 1 July 1997 | (4,339,022) | (4,341,725) |
| Net debt at 30 June 1998 | (5,627,114) | (4,339,022) |

25 Analysis of net debt

| | At 1 July 1997 £ | Cashflow £ | Other non-cash changes £ | At 30 June 1998 £ |
|-----------------------------------|---------------------------|---------------|-----------------------------------|----------------------------|
| Net cash: | | | | |
| Cash at bank and in hand | 1,274,527 | (559,004) | - | 715,523 |
| Bank overdraft | (3,113,549) | (729,088) | - | (3,842,637) |
| | (1,839,022) | (1,288,092) | - | (3,127,114) |
| Debt: | | | | |
| Debts falling due after one year | (1,000,000) | - | (1,500,000) | (2,500,000) |
| Debts falling due within one year | (1,500,000) | - | 1,500,000 | - |
| Total net debt | (4,339,022) | (1,288,092) | - | (5,627,114) |

26 Reconciliation of movements in shareholders' funds

| | Group | | Company | |
|-------------------------------|-----------|-----------|-----------|-----------|
| | 1998 | 1997 £ | 1998 | 1997 £ |
| Opening shareholders' funds | 6,264,630 | 5,184,390 | 6,264,530 | 5,079,098 |
| Profit for the financial year | 1,257,976 | 756,694 | 1,257,976 | 861,886 |
| Share capital subscribed | - | 323,546 | - | 323,546 |
| | 7,522,606 | 6,264,630 | 7,522,506 | 6,264,530 |

27 Capital commitments

| | Group and company | |
|---------------------------------|-------------------|------|
| | 1998 | 1997 |
| | £ | £ |
| Future capital expenditure | | |
| Contracted but not provided for | 120,000 | - |

28 Financial commitments

At 30 June 1998 the group had annual commitments under non-cancellable operating leases as follows:

| | 1998 | | 1997 | |
|---|--------------------|---------------|--------------------|---------------|
| | Land and buildings | Other | Land and buildings | Other |
| | £ | £ | £ | £ |
| Expiring within one year | 172,250 | 47,644 | 86,122 | 14,635 |
| Expiring between two and five years inclusive | 278,000 | 25,974 | 239,346 | 47,274 |
| Expiring in over five years | 2,966,359 | | 2,616,448 | - |
| | <u>3,416,609</u> | <u>73,618</u> | <u>2,941,916</u> | <u>61,909</u> |

29 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 1998.

On the basis that Your More Store Limited is 100% controlled by Brown & Jackson plc, advantage has been taken of the exemption for 90% subsidiaries not to disclose intra-group transactions in accordance with FRS8.

30 Ultimate and immediate parent companies

On 1 October 1997, the company's shareholder Retail Holdings Limited sold the entire issued share capital of the company (amounting to 7,866,820 ordinary shares of £1 each) to Brown & Jackson plc.

The directors regard Brown & Jackson plc as the immediate parent company. According to the register kept by the company, Brown & Jackson plc had a 100% interest in the equity of Your More Store Limited at 30 June 1998. 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.