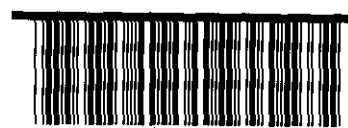


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WEW GROUP PLC

ANNUAL REPORT

FOR THE 52 WEEKS ENDED 26 JUNE 1999



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WEW GROUP PLC

Directors and Advisors

Johan J Visser CA (SA) (Executive Chairman)

Johan Visser, age 52, has 20 years experience in the retail industry which includes 13 years in South Africa where he was Chief Executive of Pep Stores Ltd. He is currently Chief Executive of Brown & Jackson plc and is also a Non-Executive Director of Pepkor and Pep Ltd.

Martin Rigby (Managing Director)

Martin Rigby, age 55, has over 30 years experience in the retail industry. He started his career at Marks & Spencer plc, where he spent 12 years, before moving into the UK discount sector. He was previously Managing Director of Poundstretcher Ltd and What Everyone Wants Ltd.

Terry Hall (Depute Managing Director)

Terry Hall, age 41, has over 27 years experience in the retail industry. His career started at Hillard Supermarkets, Yorkshire where he spent 8 years, before moving throughout the retail sector. More recently Terry is well known as one of the entrepreneurs who built up the Office World chain.

Hendrik Roelofse CA (SA) (Non-Executive)

Hendrik Roelofse, age 46, joined the Pepkor Group in 1981, and was Finance Director of Pep Ltd. He is currently Group Finance Director at Brown & Jackson plc and a Director of Poundstretcher Ltd.

Iain Gillan (Non-Executive)

Iain Gillan, age 54, has been involved in the retail industry for over 25 years, and is also a Director of Your More Store Ltd.

David Kaye MA LLB NP (Company Secretary)

David Kaye, age 42, is a partner in Clairmonts Solicitors and has been a practising solicitor in Glasgow since 1981. He has been associated with WEW for ten years.

Registered Office	Knowsthorpe Gate Cross Green Industrial Estate Leeds LS9 0NP
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Head Office	296 Springfield Road Glasgow G40 3HU
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Registered in England	No 410594
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Registered Auditors

PricewaterhouseCoopers
Kintyre House
209 West George Street
Glasgow
G2 2LW

Bankers

National Westminster Bank plc
14 Blythswood Square
Glasgow
G2 4AQ

WEW GROUP PLC

Report of the Directors

The directors submit their Annual Report with the consolidated financial statements of the Company and its subsidiaries for the 52 weeks to 26 June 1999.

Principal activities, review of the business and future developments

The principal activity of the Group continues to be the operation of retail stores within the discount sector.

Following its acquisition by Brown & Jackson, WEW Group plc carried out a fundamental review of product, staffing and operational structures. As reported previously, this led to substantial savings in head office and distribution centre costs. The full effects of this review can be seen in the current year.

The business continued to grow during the year with 18 store openings across the United Kingdom and 2 store closures. It is the policy of the current Management Team to seek opportunities to enhance the profitability of the group through a consistent store opening programme. The store closure programme previously reported is currently under review by the management team.

During the year, the Group ended its arrangements with Barclays Bank plc, and are currently in negotiation with National Westminster Bank plc with regard to a facility arrangement.

As previously advised to preference shareholders, it is still the Company's intention to redeem the preference shares and shareholders will be advised of the details during the course of the next financial year. (See below.)

Results

The Group profit after taxation for the 52 weeks ended 26 June 1999 was £2,015,000 (1998: £499,000) and is detailed in the consolidated profit and loss account on page 10. The profit for the company for the 52 week ended 26 June 1999 was £164,000 (1998: £286,000). Non Equity Dividends amounting to £210,000 (1998: £210,000) were proposed but not paid during the period. After dividends and appropriations, Group profits of £1,705,000 (1998: £189,000) were transferred to reserves.

Dividends

Full details are set out in note 10 to the final statements. No preference dividends were paid during the period (1998: £nil). No interim ordinary dividends were paid (1998: £nil) and the Directors do not recommend a final ordinary dividend (1998: £nil).

In addition, the preference dividend due on 31 October 1999 will not be paid due to the Company having an insufficient level of distributable reserves.

WEW GROUP PLC

Tangible Fixed Assets

Movements in tangible fixed assets are set out in note 11 to the financial statements.

During the year, the Group sold freehold properties with a market value of £7,195,000 to its parent company Brown and Jackson plc for the valued amount. The exceptional gain on this transaction is set out in Note 2 to the accounts.

The Group's freehold properties are carried at a valuation. The last external professional valuation was obtained on the 2 August 1997.

Directors and their Interests

The following served as directors of the Company during the period under review and subsequent to the period end:

J.J. Visser	(Executive Chairman)
H. Roelofse	(Non-Executive)
M. Rigby	(Managing Director)
I. Gillan	(Non-Executive)
T. Hall	(Depute Managing director - appointed 3rd June 1999)

There are no directors' interests in contracts requiring disclosure under the Companies Act 1985.

In accordance with the Company's Articles of Association, H. Roelofse retires by rotation and being eligible, offers himself for re-election.

T. Hall appointed to the board since the last AGM retires in accordance with the Company's Articles of Association and being eligible, offers himself for re-election.

Due to unforeseen circumstances Martin Rigby could not continue on a full-time basis as Managing Director. Consequently, Martin Rigby made the decision in March 1999 to stand back from his full time duties. On 3 June 1999, Terry Hall was appointed Depute Managing Director with responsibility for the day to day running of the Company. Martin Rigby continues to be involved in the continuing business of WEW through its store expansion programme.

The Board welcomes Terry Hall to the Group and are confident that his experience of the retail industry, most recently through his successful involvement in the development of Office World, will be beneficial in the development of the company through the next 12 months.

The Board would like to take the opportunity to thank Martin Rigby for his work over the last year. He assisted in the re-focusing of WEW in the market place and stabilised its financial position, putting in place what we believe will be the secure foundations that will allow it to grow in the next year.

WEW GROUP PLC

Beneficial Interests

The beneficial interests of J. J. Visser (Executive Chairman) and H. Roelofse at 26 June 1999 in the ordinary share capital of the parent company, Brown & Jackson plc, are shown in the accounts of that company.

The interests of the other directors of WEW Group plc at 26 June 1999 in the share capital of Brown & Jackson plc were as follows:

	Ordinary Shares of 10p each	
	26 June 1999	27 June 1998
	Number	Number
M. Rigby	25,025	63,050
I. Gillan	Nil	Nil
T. Hall	Nil	Nil

The interests of J. J. Visser (Executive Chairman) and H. Roelofse in the ordinary share capital of the parent company, Brown & Jackson plc, and in relation to the Performance Related Share Option Scheme are shown in the accounts of that company.

Interest in share options

At 26 June 1999, there were unexercised share options for shares of 10p each in the holding company, Brown & Jackson plc, granted in favour of the other 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
T. Hall	Nil	-	-	-

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 161p and the range of market prices during the year was between 47.5p and 181.5p.

The beneficial interests of J. J. Visser and H. Roelofse at the 26 June 1999 in the ordinary share capital of the ultimate parent company, Pepkor Ltd, are shown in the accounts for that company.

Insurance of Directors

Directors' and officers' liability insurance was maintained during the year.

WEW GROUP PLC

Employees

It is the Group's policy to provide employees with relevant information and to seek their views on matters of common concern. This is principally dealt with through operational managers and executive directors.

The Group's policy is to give equal consideration to all applicants for employment including disabled people. Career development and training are available to all employees and those who become disabled are afforded every assistance to enable them to continue in their career, including re-training where necessary.

Creditor Payment Policy

Payments are made to suppliers in accordance with the Company's standard conditions of purchase (which are communicated in advance to suppliers) or on specific terms agreed with suppliers. At the year end the amount owed to trade creditors by the Company was equivalent to 73 days (1998: 31 days) of purchases from suppliers.

Charitable Donations

Charitable donations during the period amounted to £19,783 (1998: £13,058).

Changes to Share Capital and Reduction of Share Premium Account

A letter accompanying the notice of extraordinary general meeting was sent to all shareholders of WEW Group plc, including holders of 10.5% cumulative redeemable shares of £1 each, (the "Preference Shares") on 25 February 1999. In that letter the directors stated that it was the Company's intention, subject to receiving the approval of shareholders, to apply to the High Court for an order sanctioning a reduction in the amount standing to the credit of the Company's share premium account. The proposals relating to the reduction of share premium account were approved by shareholder resolution, passed at the extraordinary general meeting, which took place on 23 March 1999.

The reduction of share premium account was approved by the High Court on 21 May 1999 and became effective when registered by the Registrar of Companies on 10 June 1999. The purpose of the reduction was to enable the creation of a special reserve against which the deficit on the Company's profit and loss account could be written off. The Company has received confirmation from the Inland Revenue that the reduction of share premium account and subsequent utilisation of reserves to enable the Company to pay the arrears of dividend on the Preference Shares and to redeem the Preference Shares, will be accepted by them to be carried out for bona fide commercial purposes.

It is now apparent that the company will not generate sufficient distributable profits to enable it to pay all arrears of dividend and to redeem the Preference Shares on 29 October 1999 as previously intended.

WEW GROUP PLC

The directors regret the delay in paying the arrears of dividend and redeeming the Preference Shares, but are confident that the company will generate sufficient distributable reserves in the coming year to enable this to take place.

Year 2000

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 the majority of systems have been tested. To date our integrated package of systems has 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.

Statement of Directors' Responsibilities

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 and the Group as at the end of the financial year and of the profit or loss of the Group for the 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 preparation of the financial statements for the period ended 26 June 1999. The directors also consider 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 taking reasonable steps to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

Going Concern

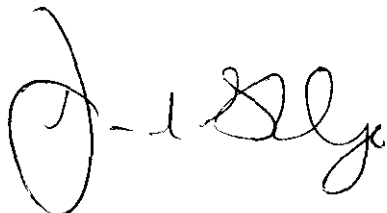
After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

WEW GROUP PLC

Auditors

PricewaterhouseCoopers have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

By order of the Board

A handwritten signature in dark ink, appearing to read 'D. Kaye', written in a cursive style.

David Kaye MA LLB NP

Secretary

Knowsthorpe Gate

Cross Green Industrial Estate

Leeds

LS9 0NP

19 August 1999

WEW GROUP PLC

Auditors' Report

Report of the Auditors to the members of WEW Group plc

We have audited the financial statements on pages 10 to 31, which have been prepared under the historical cost convention subject to the revaluation of certain assets and the accounting policies set out on pages 15 and 16.

Respective responsibilities of directors and auditors

The Directors are responsible for preparing the Annual Report, including as described on page 5 of the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Director's Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Director's remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Opinion

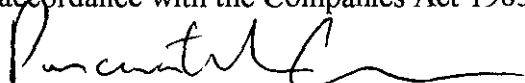
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 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.

WEW GROUP PLC

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and Group at 26 June 1999 and the profit, total recognised gains and losses and cash flows of the Group for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Glasgow

19 August 1999

WEW GROUP PLC

Report by the Auditors to WEW Group plc on going concern

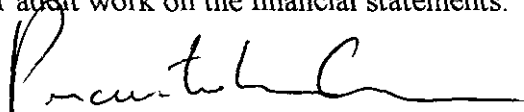
In addition to our audit of the financial statements, we have reviewed the directors' statement on page 5 concerning the company's adoption of the going concern basis in preparing the financial statements. The objective of our review is to draw attention to any non-compliance with Listing Rule 12.43(v).

Basis of opinion

We carried out our review in accordance with guidance issued by the Auditing Practices Board. That guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the ability of the company to continue in operational existence.

Opinion

In our opinion the directors have provided the disclosure required by Listing Rules referred to above and such statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Glasgow

19 August 1999

WEW GROUP PLC

Consolidated profit and loss account

	Notes	52 weeks ended 26 June 1999 £'000	47 weeks ended 27 June 1998 £'000
Turnover	1	86,315	73,327
Cost of sales		79,571	68,249
Gross profit		6,744	5,078
Distribution costs		1,895	2,387
Administration expenses		2,057	4,112
Exceptional administration expenses	2	(24)	277
Operating profit/(loss)		2,816	(1,698)
Exceptional items-			
Gain on property rationalisation	2,3	265	1,265
Release of fundamental reorganisation costs	2	290	1,712
Profit on ordinary activities before interest	3	3,371	1,279
Interest receivable	6	125	85
Interest payable	7	(730)	(1,007)
Profit on ordinary activities before taxation		2,766	357
Tax (Charge)/ Credit on ordinary activities	8	(751)	142
Profit on ordinary activities after taxation	9	2,015	499
Non Equity Dividends and Other Appropriations	10	(310)	(310)
Retained profit for the period		1,705	189

All of the above activities relate to continuing operations.

WEW GROUP PLC

Statement of total recognised gains and losses

	52 weeks ended 26 June 1999 £'000	47 weeks ended 27 June 1998 £'000
Profit for the period	2,015	499
Unrealised surplus on revaluation of properties	-	-
Total profits recognised since last annual report	<u>2,015</u>	<u>499</u>

Note of Historical cost profits and losses

	52 weeks ended 26 June 1999 £'000	47 weeks ended 27 June 1998 £'000
Profit on ordinary activities before taxation	2,766	357
Realisation of property revaluation gains of prior years	105	-
Difference between the historical cost depreciation charge for the year calculated on the revalued amount	(38)	(39)
Historical cost profit on ordinary activities before taxation	<u>2,833</u>	<u>318</u>
Historical cost profit for the year retained after taxation and dividends	<u>1,772</u>	<u>150</u>

WEW GROUP PLC

Consolidated balance sheet at 26 June 1999

	Notes	1999 £'000	1998 £'000
Fixed Assets			
Tangible Assets	11	<u>12,242</u>	<u>19,771</u>
Current Assets			
Stocks	13	18,548	18,899
Debtors	14	7,689	3,049
Cash at bank and in hand		<u>3,549</u>	<u>1,657</u>
		29,786	23,605
Creditors: amounts falling due within one year	15	<u>20,843</u>	<u>18,367</u>
Net current assets		<u>8,943</u>	<u>5,238</u>
Total assets less current liabilities		<u>21,185</u>	<u>25,009</u>
Creditors: amounts falling due after more than one year	16	974	6,599
Provisions for liabilities and charges	17	<u>2,927</u>	<u>3,141</u>
		<u>3,901</u>	<u>9,740</u>
Net assets		<u>17,284</u>	<u>15,269</u>
Capital and reserves			
Called up share capital	18	5,635	5,635
Capital redemption reserve		153	153
Share premium account	19	35,549	55,633
Revaluation reserve	19	947	1,052
Goodwill reserve		(23,270)	(23,270)
Profit and loss account	19	<u>(1,730)</u>	<u>(23,934)</u>
Total shareholders' funds	20	<u>17,284</u>	<u>15,269</u>
Comprising			
Equity shareholders' funds		14,664	12,959
Non-equity shareholders' funds		<u>2,620</u>	<u>2,310</u>
		<u>17,284</u>	<u>15,269</u>

The financial statements on pages 10 to 31 were approved by the Board of Directors on 19 August 1999 and were signed on its behalf by:

J J Visser
Executive Chairman

M Rigby
Managing Director

WEW GROUP PLC

Company balance sheet at 26 June 1999

	Notes	1999 £'000	1998 £'000
Fixed Assets			
Investments	12	<u>50,491</u>	<u>51,045</u>
Current Assets			
Debtors	14	726	122
Creditors: amounts falling due within one year	15	<u>452</u>	<u>636</u>
Net current assets/(liabilities)		<u>274</u>	<u>(514)</u>
Total assets less current liabilities		<u>50,765</u>	<u>50,531</u>
Provisions for liabilities and charges	17	<u>756</u>	<u>686</u>
Net assets		<u>50,009</u>	<u>49,845</u>
Capital and reserves			
Called up share capital	18	5,635	5,635
Capital redemption reserve		153	153
Share premium account	19	35,549	55,633
Other reserves		400	400
Merger reserve		8,108	8,108
Profit and loss account	19	<u>164</u>	<u>(20,084)</u>
Total shareholders' funds		<u>50,009</u>	<u>49,845</u>
Comprising :			
Equity shareholders' funds		47,389	47,535
Non-equity shareholders' funds		<u>2,620</u>	<u>2,310</u>
		<u>50,009</u>	<u>49,845</u>

The financial statements on pages 10 to 31 were approved by the Board of Directors on 19 August 1999 and were signed on its behalf by:

J J Visser
Executive Chairman

M Rigby
Managing Director

WEW GROUP PLC

Consolidated cash flow statement

	Notes	52 weeks ended 26 June 1999 £'000	47 weeks ended 27 June 1998 £'000
Net cash (outflow)/inflow from operating activities	24	<u>(2,217)</u>	<u>8,551</u>
Returns on investments and servicing of finance			
Interest received		125	85
Interest paid		(648)	(1,163)
Dividends paid		<u>-</u>	<u>-</u>
Net cash outflow from returns on investments and servicing of finance		<u>(523)</u>	<u>(1,078)</u>
Taxation			
Taxation credit received		<u>136</u>	<u>-</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(2,729)	(960)
Sale of tangible fixed assets		564	
Exceptional sale of tangible fixed assets	2	<u>7,195</u>	<u>1,617</u>
Net cash inflow from capital expenditure and financial investment		<u>5,030</u>	<u>657</u>
Equity dividends paid		<u>-</u>	<u>-</u>
Net cash inflow before use of liquid resources and financing		2,426	8,130
Financing			
Capital element of finance lease rental payments		<u>(542)</u>	<u>(591)</u>
Net cash outflow from financing		<u>(542)</u>	<u>(591)</u>
Increase in cash in the period	25	<u>1,884</u>	<u>7,539</u>

WEW GROUP PLC

Notes to the financial statements

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 Group accounting policies, which have been applied consistently, is set out below:

Basis of accounting

The financial statements have been prepared under the historic cost convention, as modified for the revaluation of freehold, long leasehold and certain short leasehold properties.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of WEW Group plc and all of its subsidiaries. Goodwill arising on consolidation, representing the excess of the purchase price over the fair value of the net assets acquired, is taken directly to reserves. The merger relief provisions of the Companies Act 1985 are adopted where appropriate. When companies are sold, the element of the goodwill arising on consolidation and the merger reserve in the parent company relating to those companies is transferred to the profit and loss reserve.

Depreciation

Depreciation is calculated to write off the cost of fixed assets, other than freehold land, over their estimated useful lives:

Long leaseholds and freehold buildings	2% on cost per annum
Short leaseholds	5% on cost per annum or the term of the lease if shorter
Plant	15% - 33 1/3% on cost per annum
Vehicles	25% on cost per annum
Fixtures	15% - 50% on cost per annum

Turnover

Turnover comprises sales to external customers and income from concessions, exclusive of Value Added Tax. The Group operates in only one geographical segment therefore no analysis by geographical area is provided.

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.

Investments

Investments in subsidiary companies are stated at cost less provisions for permanent diminution in value.

WEW GROUP PLC

Stock valuation

Stocks have been valued at the lower of cost and net realisable value using the retail inventory method.

Grant Income

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related asset's useful life. Other grants are credited to the profit and loss account when received.

Leasing

Assets under finance leases are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease. Rental payments under operating leases are taken to the profit and loss account in the year in which they arise.

Foreign currencies

All foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Reverse premiums and incentives

Benefits received and receivable as an incentive to sign leases are spread on a straight line basis over the lease term, or over the period to the date on which the rent is first adjusted to the prevailing market rate, if shorter.

Expenses of vacant leasehold premises

In respect of vacant leasehold or leasehold properties which are substantially no longer used for continuing business purposes, provisions are made to the extent that the recoverable amount of the interest in the property is expected to be insufficient to cover the future obligations relating to individual leases.

Pension Costs

During the year the Group operated several money purchase plans covering certain directors and employees. The money purchase plans are administered and managed completely separately from the Group. The costs of the Group's pension plans are charged to the profit and loss account over the anticipated working lives of the pension plan members currently in service.

2 EXCEPTIONAL ITEMS

As a result of the fall in interest rates and current market conditions, a review of office and shop space held under onerous leases was carried out, resulting in an additional charge to the profit & loss account of £20,000. Other associated costs were also reviewed, resulting in a credit of £44,000 to the profit & loss account. As a result, the overall credit of £24,000 has been treated as an exceptional administration expense (1998: charge of £277,000).

On 23 June 1999, freehold properties were sold to Brown & Jackson plc, the company's holding company, for a consideration of £7,195,000. This created a profit of £265,000.

WEW GROUP PLC

At the end of the year the Group reassessed its fundamental reorganisation provisions. As a result of this review there was a release of £290,000 (1998: £1,712,000) to the profit and loss account.

3 PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST

	1999 £'000	1998 £'000
This is stated after charging/(crediting):		
Auditors' remuneration (Company 1999:£6,000; 1998:£11,000)	51	75
Depreciation:		
Owned Assets	2,792	2,552
Leased Assets	460	555
Rental payments under operating leases:		
Premises	8,530	6,885
Others	483	546
Profit on disposal of fixed assets	(491)	(1,091)
Exceptional profit on disposal of fixed assets	(265)	-

Remuneration of the Company's auditors for provision of non-audit services to the Company and its UK subsidiary undertakings was £130,172 (1998: £307,196).

4 DIRECTORS' EMOLUMENTS

	1999 £'000	1998 £'000
Emoluments	102	238
Company pension contributions to money purchase schemes	8	16
Compensation for loss of office	-	423
	<u>110</u>	<u>677</u>

Retirement benefits are accruing to one director under a money purchase scheme.

WEW GROUP PLC

Highest paid Director

	1999 £'000	1998 £'000
Emoluments	102	92
Company pension contributions to a money purchase scheme	<u>8</u>	<u>6</u>
	<u>110</u>	<u>98</u>

5 EMPLOYEE INFORMATION

The average weekly number of employees (including executive directors) during the year was:

	1999 Number	1998 Number
Administration staff	71	72
Warehouse, distribution and shop operation staff	<u>1,893</u>	<u>1,751</u>
	<u>1,964</u>	<u>1,823</u>

	1999 £'000	1998 £'000
Staff costs (for the above persons):		
Wages and salaries	9,902	8,812
Social Security costs	500	540
Other pension costs	<u>109</u>	<u>139</u>
	<u>10,511</u>	<u>9,491</u>

6 INTEREST RECEIVABLE

	1999 £'000	1998 £'000
Bank interest receivable	92	80
Other	<u>33</u>	<u>5</u>
	<u>125</u>	<u>85</u>

WEW GROUP PLC

7 INTEREST PAYABLE

	1999 £'000	1998 £'000
On bank loans, overdrafts and other loans not repayable by instalments:		
Bank overdraft	-	129
Other	569	674
Finance charges payable under finance leases	<u>161</u>	<u>204</u>
	<u>730</u>	<u>1,007</u>

8 TAXATION

	1999 £'000	1998 £'000
Tax on profit on ordinary activities		
United Kingdom corporation tax at 30% (1998: 31%):		
Current	972	-
Over provision in respect of prior years:		
Current	(293)	(150)
Overseas taxation	<u>72</u>	<u>8</u>
	<u>751</u>	<u>(142)</u>

In the year ended 27 June 1998, the company surrendered £159,750 of group relief to a fellow subsidiary. There was no requirement for the subsidiary to pay for this group relief at 27 June 1998.

In the year to 26 June 1999, a decision was taken by the company's parent, that payment for the group relief of £159,750 should be made by the fellow subsidiary. This payment to the company is due as at the 26 June 1999 and is included within amounts owed by Group companies.

9 PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. Of the profit on ordinary activities after taxation, a profit of £164,000 (1998: £286,000), is dealt with in the financial statements of the parent company.

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10 NON EQUITY DIVIDENDS AND OTHER APPROPRIATIONS

	1999 £'000	1998 £'000
Dividends on non equity shares		
Preference dividends		
Proposed (1998: unpaid) in respect of six months to 31 October 1998 of 5.25p per share	105	105
Proposed (1998: unpaid) in respect of six months to 30 April 1999 of 5.25p per share	105	105
Redemption premium	<u>100</u>	<u>100</u>
	<u>310</u>	<u>310</u>

11 TANGIBLE FIXED ASSETS

Group

	Freehold property £'000	Long leaseholds £'000	Short leaseholds £'000	Plant fixtures & vehicles £'000	Total £'000
Cost or valuation					
At 27 June 1998	9,122	48	1,559	23,686	34,415
Additions	18	-	148	2,563	2,729
Disposals	<u>(7,193)</u>	<u>-</u>	<u>(19)</u>	<u>(712)</u>	<u>(7,924)</u>
At 26 June 1999	<u>1,947</u>	<u>48</u>	<u>1,688</u>	<u>25,537</u>	<u>29,220</u>
Depreciation					
At 27 June 1998	167	3	519	13,955	14,644
Provision for period	169	3	88	2,993	3,253
Disposals	<u>(262)</u>	<u>-</u>	<u>(2)</u>	<u>(655)</u>	<u>(919)</u>
At 26 June 1999	<u>74</u>	<u>6</u>	<u>605</u>	<u>16,293</u>	<u>16,978</u>
Net book value At 26 June 1999	<u>1,873</u>	<u>42</u>	<u>1,083</u>	<u>9,244</u>	<u>12,242</u>
Net book value At 27 June 1998	<u>8,955</u>	<u>45</u>	<u>1,040</u>	<u>9,731</u>	<u>19,771</u>

Freehold and leasehold properties were last valued on 2 August 1997 by G. L. Hearn and Partners, a firm of independent Chartered Surveyors using the open market value on an existing use basis.

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The net book value of the Group's assets purchased under leasing agreements included in the above is £976,666 (1998: £1,436,666) and the depreciation charge relating to those assets was £460,000 (1998: £472,798).

If the Group's properties had not been revalued, they would have been included at the following historical cost amounts:

	Freeholds & Leaseholds	
	1999	1998
	£'000	£'000
Cost	3,979	12,925
Aggregate depreciation based on cost	(1,002)	(2,095)
Net book value based on cost	<u>2,977</u>	<u>10,830</u>
	1999	1998
	£'000	£'000
Freeholds and leaseholds at net book value comprise:		
Freeholds	1,876	9,778
Long leaseholds	85	93
Short leaseholds	<u>1,016</u>	<u>959</u>
	<u>2,977</u>	<u>10,830</u>

Capital commitments

There were capital commitments for the group of £221,979 (1998: £171,513) and for the Company of £nil (1998: £nil) contracted but not provided for at 26 June 1999.

Company

The company has no tangible fixed assets.

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12 INVESTMENTS

Company	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Total £'000
Cost			
At 27 June 1998	501	73,751	74,252
Repayments	<u>-</u>	<u>(554)</u>	<u>(554)</u>
At 26 June 1999	<u>501</u>	<u>73,197</u>	<u>73,698</u>
Provisions			
At 27 June 1998	500	22,707	23,207
Increase in provision	-	-	-
Release of provision	<u>-</u>	<u>-</u>	<u>-</u>
At 26 June 1999	<u>500</u>	<u>22,707</u>	<u>23,207</u>
Net book value			
At 26 June 1999	<u><u>1</u></u>	<u><u>50,490</u></u>	<u><u>50,491</u></u>
Net book value			
At 27 June 1998	<u><u>1</u></u>	<u><u>51,044</u></u>	<u><u>51,045</u></u>

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Interest in Group undertakings

These financial statements represent the consolidated results for all companies within the WEW Group as detailed below.

Company Name	Country of Incorporation	Activity	Description of shares held	Proportion of nominal value of issued shares held %
Alagrove Ltd	England	Property & Investment	Ordinary Shares	100
What Everyone Wants Ltd	Scotland	Retailing	Ordinary Shares	100
Amber Day Holdings Ltd	England	Dormant	Ordinary Shares	100
Deanshire Investments Ltd	England	Property Investment	Ordinary Shares	100
Kingsway Price Ltd	England	Dormant	Ordinary Shares	100
Noland Electronics Ltd	England	Dormant	Ordinary Shares	100
Fragrance Outlets Ltd	England	Dormant	Ordinary Shares	100

13 STOCKS

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Consumables	43	74	-	-
Goods for resale	18,505	18,825	-	-
	<u>18,548</u>	<u>18,899</u>	<u>-</u>	<u>-</u>

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14 DEBTORS

	Group		Company	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	1,024	738	-	-
Other debtors	65	193	283	60
Prepayments	2,482	2,118	443	62
Amounts Due from Group Companies	4,118	-	-	-
	<u>7,689</u>	<u>3,049</u>	<u>726</u>	<u>122</u>

The amounts owed by group companies include a loan of £3,959,000 to Brown & Jackson plc, this bears interest at LIBOR plus 1% and is repayable within 12 months.

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Bank overdraft	8	-	8	-
Trade creditors	10,954	4,845	-	101
Obligations under finance lease	608	542	-	-
Corporation tax	1,142	127	-	4
Other taxes and social security	2,210	1,557	140	144
Other creditors and accruals	5,921	6,296	304	387
Amount due to Group Companies	-	5,000	-	-
	<u>20,843</u>	<u>18,367</u>	<u>452</u>	<u>636</u>

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16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	1999	1998
	£'000	£'000
Obligations under finance leases	673	1,281
Rent Free periods	301	318
Amount owed to Parent Company	-	5,000
	<u>974</u>	<u>6,599</u>

Finance lease obligations are repayable as follows:

	Group	
	1999	1998
	£'000	£'000
Within one year	608	542
Between one and two years	673	608
Between two and five years inclusive	-	673
	<u>1,281</u>	<u>1,823</u>

In the year 27 June 1998, Brown & Jackson plc had provided an interest bearing loan at LIBOR plus 1% repayable after more than twelve months. This loan was repaid during the year to 26 June 1999.

17 PROVISIONS FOR LIABILITIES AND CHARGES

	Provision for Property Dilapidations	Reorganisation Provision	Total
Group			
At 28 June 1998	853	2,288	3,141
Released during the year	(214)	(220)	(434)
Provided during the year	<u>220</u>	<u>-</u>	<u>220</u>
At 26 June 1999	<u>859</u>	<u>2,068</u>	<u>2,927</u>
Company			
At 28 June 1998	-	686	686
Released during the year	-	(246)	(246)
Provided during the year	-	<u>316</u>	<u>316</u>
At 26 June 1999	-	<u>756</u>	<u>756</u>

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Property Dilapidations

The Group occupies leased properties which under the terms of the lease, the Group has an obligation to re-instate the properties to their original condition when the lease expires. The Group has therefore made provision for the estimated re-instatement costs incurred to date.

Reorganisation Provision

The group and company have recognised obligations based primarily on estimated costs arising from the store rationalisation programme which will be effective within the next 12 months and in respect of onerous leases.

The release of £220,000 comprises the following:

	£'000
Store rationalisation release	(290)
Onerous lease provision	20
Other costs	50
	<u>(220)</u>

Deferred taxation

Neither the Group nor the Company has any amount provided or unprovided in the financial statements in respect of deferred taxation.

18 SHARE CAPITAL

	Number	1999 £'000	Number	1998 £'000
Authorised:				
Ordinary shares of 2½p each	203,000,000	5,075	203,000,000	5,075
10.5% cumulative redeemable preference shares 1999/2002 of £1 each	<u>2,000,000</u>	<u>2,000</u>	<u>2,000,000</u>	<u>2,000</u>
		<u>7,075</u>		<u>7,075</u>
Called up, allotted and fully paid :				
Ordinary shares of 2½p each	145,396,058	3,635	145,396,058	3,635
10.5% cumulative redeemable preference shares 1999/2002 of £1 each	<u>2,000,000</u>	<u>2,000</u>	<u>2,000,000</u>	<u>2,000</u>
		<u>5,635</u>		<u>5,635</u>

10.5% cumulative redeemable preference shares 1999/2002:

The Company has the right, at certain times during 1999 to 2002, to redeem the whole or any part of the preference shares in issue. Any preference shares still in issue at 31 October 2002 will be redeemed on that date. All such redemptions from 1999 to 2002 will be made at a premium of 5% of the nominal value plus accrued dividends. The Company is additionally

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entitled to redeem the whole or any part of the preference shares at any time, by purchase on any recognised stock exchange or by tender available to all holders of preference shares.

The holders of preference shares shall have no right to vote, either in person or by proxy, at any general meeting by virtue or in respect of their holdings of preference shares, unless the conditions laid out in the Company's Articles of Association come into force.

On a return of capital on liquidation or otherwise the surplus assets of the Company remaining after payment of its liabilities shall be applied first in repaying to the holders of the Preference Shares the amounts paid up thereon. There shall also be paid a premium of 5 percent on the nominal value of each preference share together with any arrears of dividend thereon to be calculated to the date of return of capital and whether earned or declared or not but the holders of Preference Shares shall be entitled to no further right to participate in such surplus assets.

19 MOVEMENTS IN RESERVES

	Share Premium £'000	Revaluation reserve account £'000	Special Reserve £'000	Profit and Loss account £'000
Group				
Balance at 27 June 1998	55,633	1,052	-	(23,934)
Profit for the period	-	-	-	1,705
Non Equity Dividends and Other				
Appropriations	-	-	-	310
Revaluation surplus realised	-	(105)	-	105
Reduction in Share Premium Account	(20,084)	-	20,084	-
Transfer to Profit and Loss Account	-	-	(20,084)	20,084
Balance at 26 June 1999	<u>35,549</u>	<u>947</u>	<u>-</u>	<u>(1,730)</u>
Company				
Balance at 27 June 1998	55,633	-	-	(20,084)
Loss for the period	-	-	-	(146)
Non Equity Dividends and Other				
Appropriations	-	-	-	310
Reduction in Share Premium Account	(20,084)	-	20,084	-
Transfer to Profit and Loss Account	-	-	(20,084)	20,084
Balance at 26 June 1999	<u>35,549</u>	<u>-</u>	<u>-</u>	<u>164</u>

The reduction in the Company's Share Premium account, which was confirmed by the High Court on 21 May 1999 and became effective on 10 June 1999, has been used to eliminate a deficit in distributable reserves of the same amount by transfer from the special reserve created, to the profit and loss account.

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20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER FUNDS

	1999 £'000	1998 £'000
Profit on ordinary activities after taxation	2,015	499
Dividends	(310)	(310)
Profit retained	1,705	189
Non Equity Dividends and Other Appropriations	310	310
Release of Revaluation Reserve	(105)	-
Release of Share Premium	(20,084)	-
Transfer between reserves	20,189	-
Net movement in shareholders' funds	2,015	499
Opening shareholders' funds	15,269	14,770
Closing shareholders' funds	17,284	15,269

21 CONTINGENT LIABILITIES

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Liabilities under outstanding documentary letters of credit	-	163	-	-
Guarantees in respect of customs and excise duty deferment	250	500	-	-
	250	663	-	-

There are other contingent liabilities of the Company and of the Group in respect of property leases previously entered into by the Group in the ordinary course of business which have subsequently been transferred to third parties as part of previous business disposals.

22 PENSION COMMITMENTS

During the year the Group operated two money purchase schemes. Total pension contributions for the Group amounted to £108,920 (1998: £139,00).

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23 OPERATING LEASE COMMITMENTS

The Group had annual commitments at 26 June 1999 in respect of non-cancellable operating leases as set out below:

	1999		1998	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	221	4	210	22
Within two to five years	183	375	238	351
After five years	<u>10,115</u>	<u>61</u>	<u>7,209</u>	<u>83</u>
	<u>10,519</u>	<u>440</u>	<u>7,657</u>	<u>456</u>

A number of the above leases are subject to pending rent reviews.

24 RECONCILIATION OF PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST TO NET (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	1999 Total £'000	1998 Total £'000
Operating profit on ordinary activities before interest	3,371	1,279
Depreciation on tangible fixed assets	3,252	3,107
Profit on disposal of fixed assets	(756)	(1,091)
Decrease in provisions	(214)	(4,452)
Decrease/(increase) in stocks	350	(3,501)
(Increase)/decrease in debtors	(4,508)	3,328
(Decrease)/increase in creditors	<u>(3,712)</u>	<u>9,881</u>
Net cash (outflow)/inflow from operating activities	<u>(2,217)</u>	<u>8,551</u>

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25 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH/(DEBT)

	1999 £'000	1998 £'000
Increase in cash	1,884	7,539
Cash inflow from lease financing	<u>542</u>	<u>591</u>
Change in net debt resulting from cash flows	2,426	8,130
New finance leases	<u>-</u>	<u>-</u>
Decrease in net debt	2,426	8,130
Net debt at 27 June 1998	<u>(166)</u>	<u>(8,296)</u>
Net cash/(debt) at 26 June 1999	<u>2,260</u>	<u>(166)</u>

26 ANALYSIS OF NET CASH/(DEBT)

	At 27 June 1998 £'000	Cashflow £'000	Other Non Cash Changes £'000	At 26 June 1999 £'000
Cash at bank and in hand	1,657	1,892	-	3,549
Bank overdrafts	<u>-</u>	<u>(8)</u>	<u>-</u>	<u>(8)</u>
Net cash	1,657	1,884	-	3,541
Finance leases	<u>(1,823)</u>	<u>542</u>	<u>-</u>	<u>(1,281)</u>
Net Cash/(Debt)	<u>(166)</u>	<u>2,426</u>	<u>-</u>	<u>2,260</u>

27 RELATED PARTY TRANSACTIONS

The Company Secretary, Mr David Kaye, is a partner in Clairmonts Solicitors which have received fees of £58,376 (1998: £74,635) for legal and secretarial services provided to the Group during the period. No other director or officer had any interest in contracts, other than service contracts, throughout the period.

By reason of the exemptions granted under FRS8, the Group has not disclosed details of trading with other member companies of the Brown & Jackson Group plc.

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28 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

On 23 June 1999, the Company's Shareholder Brown & Jackson plc sold its interest in the Ordinary Share capital of the company to Mass Market Retailing Limited. Brown & Jackson plc has a 100% interest in the equity of Mass Market Retailing Limited.

The Directors regard Mass Market Retailing Limited, a company incorporated in Great Britain, as the immediate parent company. 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.