

WEW GROUP PLC

ANNUAL REPORT

FOR THE 53 WEEKS ENDED 1 JULY 2000



WEW GROUP PLC

Directors and Advisors

Johan J Visser CA (SA) (Executive Chairman)

Johan Visser, age 53, has over 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.

Terry Hall (Managing Director)

Terry Hall, age 42, has over 28 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.

Martin Rigby (Non-Executive)

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 is also a director of Your More Store Ltd and was previously Managing Director of Poundstretcher Ltd and What Everyone Wants Ltd.

Hendrik Roelofse CA (SA) (Non-Executive)

Hendrik Roelofse, age 47, 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 55, 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 43, is a partner in Clairmonts Solicitors and has been a practising solicitor in Glasgow since 1981. He has been associated with WEW for eleven years.

Registered Office

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Cross Green Industrial Estate
Leeds
LS9 0NP

Head Office

296 Springfield Road
Glasgow
G40 3HU

Registered in England

No 410594

Registered Auditors

PricewaterhouseCoopers
Kintyre House
209 West George Street
Glasgow
G2 2LW

Bankers

National Westminster Bank plc
14 Blythswood Square
Glasgow
G2 4AQ

Girobank plc
Merrion Court
44 Merrion Street
Leeds
LS2 8JQ

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 53 weeks to 1 July 2000.

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.

For the 53 weeks, sales increased by 13.1%. Like for Like sales decreased by 2.9% compared to 1999 however, margins increased in the year.

Operating profit increased by 35.6% taking into account income of £778,000 from freeholds transferred to Brown & Jackson plc in the previous year.

Continued operational efficiencies have driven this profit increase and the lessons learned during the year put us in a good position to further improve results next year.

The company is consistently reviewing its products and operations and in the coming year new developments will be rolled out across the business. The store closure programme previously reported is currently under review by the Management Team.

The company continued to grow during the period with 21 store openings across the United Kingdom and 3 store closures. In addition 2 temporary sites were traded at Christmas as clearance stores. It is the policy of the current Management Team to seek opportunities to enhance the profitability of the company through a consistent store opening programme.

The Company redeemed its Preference Shares and paid outstanding dividends in the year (see below).

Results

The Group profit after taxation for the 53 weeks ended 1 July 2000 was £2,496,000 (1999: £2,015,000) and is detailed in the consolidated profit and loss account on page 9. Non Equity Dividends amounting to £245,000 (1999: £310,000) were paid during the period. After dividends and appropriations, Group profits of £2,251,000 (1999: £1,705,000) were transferred to reserves.

Dividends

Full details are set out in note 10 to the final statements. All preference dividends for the year up to 29th June 2000 plus all arrears were paid during the period (1999: £ Nil). No interim ordinary dividends were paid (1999: £ Nil) and the Directors do not recommend a final ordinary dividend (1999: £ Nil).

WEW GROUP PLC

Tangible Fixed Assets

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

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	(Non-Executive)
I. Gillan	(Non-Executive)
T. Hall	(Managing Director)

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

In accordance with the Company's Articles of Association, M. Rigby and I. Gillan retire by rotation and being eligible, offer themselves for re-election.

As previously reported, 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 Group. Terry Hall was formally appointed Managing Director on 1 October 1999 and Martin Rigby continues to be involved in the continuing business of WEW Group through its store expansion programme.

Beneficial Interests

The beneficial interests of J. J. Visser (Executive Chairman) and H. Roelofse at 1 July 2000 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 1 July 2000 in the share capital of Brown & Jackson plc were as follows:

	Ordinary Shares of 10p each	
	1 July 2000	26 June 1999
	Number	Number
M. Rigby	20,000	25,025
I. Gillan	Nil	Nil
T. Hall	Nil	Nil

WEW GROUP PLC

Interest in share options

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

At 1 July 2000, 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	170,000	141p	April 2003	2007

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 140.5p and the range of market prices during the year was between 129p and 220p.

The beneficial interests of J. J. Visser and H. Roelofse at the 1 July 2000 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.

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 period end the amount owed to trade creditors by the Company was equivalent to 71 days (1999:75 days) of purchases from suppliers.

Charitable donations

Charitable donations during the period amounted to £1,815 (1999: £19,783).

WEW GROUP PLC

Redemption of Preference Shares and Payment of Dividend Arrears

A circular was distributed to all holders at 10.5% cumulative redeemable shares of £1 each, ("the Preference Shares") on 27th March 2000. In that letter the directors gave notice, under the terms of the Articles of Association, that the Company on 29th June 2000 would redeem all the preference Shares in issue at 30th April 2000.

Shareholders were further advised that the Company had generated sufficient distributable profits to enable it to pay the agreed dividend on the Preference Shares and to pay the redemption premium on the nominal value of each Preference Share.

Modern Market Retailing Limited (which changed its name from Mass Market Retailing Limited during the period under review), a wholly owned subsidiary of Brown & Jackson plc and the owner at all of the Ordinary Shares subscribed during the year for 80,000,000 new ordinary shares of 2.5p each in the capital of the company. (Note 18 to the accounts). The directors applied the money received from this subscription to redeem the Preference Shares. The Register of Preference Shares closed at 5:00 p.m. on 16 June 2000 and this was also the record date for the final dividend payment.

The preference shares were redeemed and cancelled, and all outstanding dividends plus redemption premium were paid to Shareholders on 29th June 2000.

Year 2000

The company experienced no disruptions since the turn of the year arising from its own computer systems or equivalent with embedded date-reliant computer chips.

The lack of disruption from the company's own systems and equipment is attributed to: a) the analysis of risks carried out in 1999 to determine the impact of the Year 2000 problem on our activities and b) the consequential modifications to, or replacement of, hardware and software suspected of harbouring the faulty date-reliant software or computer chips that were carried out during 1999.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company 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 preparation of the financial statements for the period ended 1 July 2000. The directors also consider that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

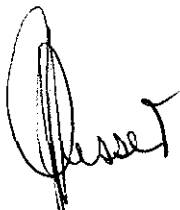
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 black ink, appearing to read 'J. Visser', written over a large, faint, oval-shaped stamp or watermark.

Johan J. Visser
Executive Chairman
Knowsthorpe Gate
Cross Green Industrial Estate
Leeds
LS9 0NP

11 August 2000

WEW GROUP PLC

Report of the auditors to the members of WEW Group plc

We have audited the financial statements on pages 8 to 28.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 5, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom 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 United Kingdom Companies Act. We also report to you if, in our opinion, the directors' 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 directors' 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 audit 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.

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 the Group as at 1 July 2000 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.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Glasgow

11 August 2000

WEW GROUP PLC

Consolidated profit and loss account

	Notes	53 weeks ended 1 July 2000 £'000	52 weeks ended 26 June 1999 £'000
Turnover	1	97,610	86,315
Cost of sales		89,956	79,571
Gross profit		7,654	6,744
Distribution costs		1,584	1,895
Administration expenses		3,380	2,057
Exceptional administration expenses	2	(73)	(24)
Operating profit		2,763	2,816
Exceptional Items			
Gain on property rationalisation	2,3	177	265
Release of fundamental reorganisation costs	2	264	290
Profit on ordinary activities before interest	3	3,204	3,371
Interest receivable	6	385	125
Interest payable	7	(124)	(730)
Profit on ordinary activities before taxation		3,465	2,766
Tax on profit on ordinary activities	8	(969)	(751)
Profit on ordinary activities after taxation	9	2,496	2,015
Non Equity Dividends and Other Appropriations	10	(245)	(310)
Retained profit for the period		2,251	1,705

All of the above activities relate to continuing operations.

The group has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been prepared.

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Note of Historical cost profits and losses


	53 weeks ended 1 July 2000 £'000	as restated 52 weeks ended 26 June 1999 £'000
Profit on ordinary activities before taxation	3,465	2,766
Realisation of property revaluation gains of prior years	-	105
Difference between the historical cost depreciation charge for the year calculated on the revalued amount	<u>(4)</u>	<u>(38)</u>
Historical cost profit on ordinary activities before taxation	<u>3,461</u>	<u>2,833</u>
Historical cost profit for the year retained after taxation and dividends	<u>2,247</u>	<u>1,872</u>

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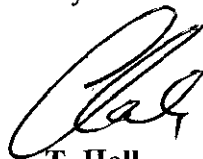
Consolidated balance sheet at 1 July 2000

	Notes	2000 £'000	1999 £'000
Fixed Assets			
Tangible Assets	11	<u>12,651</u>	<u>12,242</u>
Current Assets			
Stocks	13	19,361	18,548
Debtors	14	13,574	7,689
Cash at bank and in hand		<u>1,881</u>	<u>3,549</u>
		34,816	29,786
Creditors: amounts falling due within one year	15	<u>25,496</u>	<u>20,843</u>
Net current assets		<u>9,320</u>	<u>8,943</u>
Total assets less current liabilities		<u>21,971</u>	<u>21,185</u>
Creditors: amounts falling due after more than one year	16	248	974
Provisions for liabilities and charges	17	<u>2,708</u>	<u>2,927</u>
		<u>2,956</u>	<u>3,901</u>
Net assets		<u>19,015</u>	<u>17,284</u>
Capital and reserves			
Called up share capital	18	5,635	5,635
Capital redemption reserve		153	153
Share premium account	19	35,549	35,549
Revaluation reserve	19	947	947
Goodwill reserve		(23,270)	(23,270)
Profit and loss account	19	<u>1</u>	<u>(1,730)</u>
Total shareholders' funds	20	<u>19,015</u>	<u>17,284</u>
Comprising			
Equity shareholders' funds		19,015	14,664
Non-equity shareholders' funds		<u>-</u>	<u>2,620</u>
		<u>19,015</u>	<u>17,284</u>

The financial statements on pages 8 to 28 were approved by the Board of Directors on 11 August 2000 and were signed on its behalf by:



J J Visser
Executive Chairman



T. Hall
Managing Director

WEW GROUP PLC

Company balance sheet at 1 July 2000

	Notes	2000 £'000	1999 £'000
Fixed Assets			
Investments	12	52,253	50,491
		<u> </u>	<u> </u>
Current Assets			
Debtors	14	2,183	726
Cash at bank and in hand		5	-
		<u>2,188</u>	<u>726</u>
Creditors: amounts falling due within one year	15	<u>3,136</u>	<u>502</u>
Net current assets/(liabilities)		<u>(948)</u>	<u>224</u>
Total assets less current liabilities		<u>51,305</u>	<u>50,765</u>
Provisions for liabilities and charges	17	<u>271</u>	<u>756</u>
Net assets		<u>51,034</u>	<u>50,009</u>
Capital and reserves			
Called up share capital	18	5,635	5,635
Capital redemption reserve		153	153
Share premium account	19	35,549	35,549
Other reserves		400	400
Merger reserve		8,108	8,108
Profit and loss account	19	<u>1,189</u>	<u>164</u>
Total shareholders' funds		<u>51,034</u>	<u>50,009</u>
Comprising :			
Equity shareholders' funds		51,034	47,389
Non-equity shareholders' funds		-	2,620
		<u>51,034</u>	<u>50,009</u>

The financial statements on pages 8 to 28 were approved by the Board of Directors on 11 August 2000 and were signed on its behalf by:


J. J. Visser
Executive Chairman


T. Hall
Managing Director

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Consolidated cash flow statement

	Notes	53 weeks ended 2000 £'000	52 weeks ended 26 June 1999 £'000
Net cash inflow/(outflow) from operating activities	24	<u>3,021</u>	<u>(2,217)</u>
Returns on investments and servicing of finance			
Interest received		338	125
Interest paid		(122)	(648)
Dividends paid		<u>(665)</u>	<u>-</u>
Net cash outflow from returns on investments and servicing of finance		<u>(449)</u>	<u>(523)</u>
Taxation			
Taxation (paid)/credit received		<u>(237)</u>	<u>136</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(3,954)	(2,729)
Sale of tangible fixed assets		347	564
Exceptional sale of tangible fixed assets	2	<u>320</u>	<u>7,195</u>
Net cash (outflow)/inflow from capital expenditure and financial investment		<u>(3,287)</u>	<u>5,030</u>
Equity dividends paid		<u>-</u>	<u>-</u>
Net cash (outflow)/inflow before use of liquid resources and financing		<u>(952)</u>	<u>2,426</u>
Financing			
Capital element of finance lease rental payments		(608)	(542)
Issue of Ordinary Shares		2,000	-
Redemption of Preference Shares		<u>(2,100)</u>	<u>-</u>
Net cash outflow from financing		<u>(708)</u>	<u>(542)</u>
(Decrease)/Increase in cash in the period	25	<u>(1,660)</u>	<u>1,884</u>

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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
Improvements to short leaseholds	over the shorter of the remaining period of the lease or 15 years
Plant	15% - 33 1/3% on cost per annum
Vehicles	25% on cost per annum
Fixtures	15% - 50% on cost per annum

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 a valuation. The group has taken advantage of the transitional arrangements available under FRS 15 "Tangible Fixed Assets" and consequently, previous valuations have been retained and have not been updated.

Details of the last revaluations are given in note 11.

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.

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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.

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.

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2 EXCEPTIONAL ITEMS

A review of office and shop space held under onerous leases was carried out, resulting in a release to the profit & loss account of provisions totalling £73,000 (1999: charge £24,000). This release has been treated as an exceptional administration expense.

During the year the Group disposed of freehold properties resulting in a gain of £177,000 (1999: £265,000).

One property in the fundamental reorganisation provision was disposed of during the year which, after costs of £154,000, generated a release to the profit and loss account of £188,000. This provision was reassessed at the end of the year resulting in a further release of £76,000 (1999: £290,000).

3 PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST

	2000 £'000	1999 £'000
This is stated after charging/(crediting):		
Auditors' remuneration (Company:£6,000 (1999:£6,000))	51	51
Depreciation:		
Owned Assets	2,695	2,792
Leased Assets	460	460
Rental payments under operating leases:		
Premises	12,051	8,530
Others	479	483
Profit on disposal of fixed assets	(108)	(491)
Exceptional profit on disposal of fixed assets	(177)	(265)

Remuneration of the Company's auditors for provision of non-audit services to the Company and its UK subsidiary undertakings was £85,759 (1999: £130,172).

4 DIRECTORS' EMOLUMENTS

	2000 £'000	1999 £'000
Emoluments	213	102
Company pension contributions to money purchase schemes	7	8
	<u>220</u>	<u>110</u>

Retirement benefits are accruing to two directors (1999: one director) under a money purchase scheme.

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Highest paid Director

	2000 £'000	1999 £'000
Emoluments	147	102
Company pension contributions to a money purchase scheme	<u>6</u>	<u>8</u>
	<u>153</u>	<u>110</u>

5 EMPLOYEE INFORMATION

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

	2000 Number	1999 Number
Administration staff	74	71
Warehouse, distribution and shop operation staff	<u>2,142</u>	<u>1,893</u>
	<u>2,216</u>	<u>1,964</u>

	2000 £'000	1999 £'000
Staff costs (for the above persons):		
Wages and salaries	11,377	9,902
Social Security costs	532	500
Other pension costs	<u>120</u>	<u>109</u>
	<u>12,029</u>	<u>10,511</u>

6 INTEREST RECEIVABLE

	2000 £'000	1999 £'000
Bank interest receivable	102	92
Other	<u>283</u>	<u>33</u>
	<u>385</u>	<u>125</u>

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7 INTEREST PAYABLE

	2000 £'000	1999 £'000
On bank loans, overdrafts and other loans not repayable by instalments:		
Bank overdraft	5	-
Other	23	569
Finance charges payable under finance leases	<u>96</u>	<u>161</u>
	<u>124</u>	<u>730</u>

8 TAXATION

	2000 £'000	1999 £'000
Tax on profit on ordinary activities		
United Kingdom corporation tax at 30% (1999: 30%):		
Current	987	972
Over provision in respect of prior years:		
Current	(65)	(293)
Overseas taxation	<u>47</u>	<u>72</u>
	<u>969</u>	<u>751</u>

In the year ended 26 June 1999, a decision was taken by the company's parent, that payment for group relief of £159,750 previously surrendered to a fellow subsidiary in the prior year should be repaid. This payment, outstanding at previous year end, was made during the year.

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 £1,790,000 (1999: £164,000), is dealt with in the financial statements of the parent company.

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10 NON EQUITY DIVIDENDS AND OTHER APPROPRIATIONS

	2000 £'000	1999 £'000
Dividends on non equity shares		
Preference dividends		
Proposed and paid (1999: unpaid and appropriated) in respect of six months to 31 October 1999 of 5.25p per share	105	105
Proposed and paid (1999: unpaid and appropriated) in respect of six months to 30 April 2000 of 5.25p per share	105	105
Proposed and paid in respect of two months to 29th June 2000	35	-
Redemption Premium	-	100
	<u>245</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 26 June 1999	1,947	48	1,688	25,537	29,220
Additions	20	-	478	3,456	3,954
Disposals	(110)	-	(53)	(863)	(1,026)
At 1 July 2000	<u>1,857</u>	<u>48</u>	<u>2,113</u>	<u>28,130</u>	<u>32,148</u>
Depreciation					
At 26 June 1999	74	3	605	16,293	16,978
Provision for period	38	3	104	3,011	3,155
Disposals	(3)	-	(13)	(620)	(636)
At 1 July 2000	<u>109</u>	<u>6</u>	<u>696</u>	<u>18,684</u>	<u>19,497</u>
Net book value					
At 1 July 2000	<u>1,748</u>	<u>42</u>	<u>1,417</u>	<u>9,446</u>	<u>12,651</u>
Net book value At 27 June 1999	<u>1,873</u>	<u>45</u>	<u>1,083</u>	<u>9,244</u>	<u>12,242</u>

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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.

The net book value of the Group's assets purchased under leasing agreements included in the above is £516,666 (1999: £976,666) and the depreciation charge relating to those assets was £460,000 (1999: £460,000).

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

	Freeholds & Leaseholds	
	2000	1999
	£'000	£'000
Cost	4,108	3,979
Aggregate depreciation based on cost	<u>(1,135)</u>	<u>(1,002)</u>
Net book value based on cost	<u>2,973</u>	<u>2,977</u>
	2000	1999
	£'000	£'000
Freeholds and leaseholds at net book value comprise:		
Freeholds	1,723	1,876
Long leaseholds	78	85
Short leaseholds	<u>1,172</u>	<u>1,016</u>
	<u>2,973</u>	<u>2,977</u>

Capital commitments

There were capital commitments for the group of £325,338 (1999: £221,797) and for the Company of £ Nil (1999: £ Nil) contracted but not provided for at 1 July 2000.

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 26 June 1999	501	73,197	73,698
Additions	<u>-</u>	<u>1,762</u>	<u>1,762</u>
At 1 July 2000	<u>501</u>	<u>74,959</u>	<u>75,460</u>
Provisions			
At 27 June 1999 and 1 July 2000	<u>500</u>	<u>22,707</u>	<u>23,207</u>
Net book value			
At 1 July 2000	<u>1</u>	<u>52,252</u>	<u>52,253</u>
Net book value			
At 27 June 1999	<u>1</u>	<u>50,490</u>	<u>50,491</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 %
Algagrove 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	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Consumables	80	43	-	-
Goods for resale	<u>19,281</u>	<u>18,505</u>	<u>-</u>	<u>-</u>
	<u>19,361</u>	<u>18,548</u>	<u>-</u>	<u>-</u>

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14 DEBTORS

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	629	1,024	59	-
Other debtors	185	65	-	283
Prepayments	3,200	2,482	166	443
Amounts Due from Group Companies	9,560	4,118	1,958	-
	<u>13,574</u>	<u>7,689</u>	<u>2,183</u>	<u>726</u>

The amounts owed by group companies include a loan of £9,560,000 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 as restated	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank overdraft	-	8	-	8
Trade creditors	7,839	10,954	-	-
Obligations under finance lease	673	608	-	-
Corporation tax	1,716	1,142	181	-
Other taxes and social security	494	2,210	116	140
Other creditors and accruals	14,767	5,921	2,839	354
Amount due to Group Companies	7	-	-	-
	<u>25,496</u>	<u>20,843</u>	<u>3,136</u>	<u>502</u>

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16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2000	1999
	£'000	£'000
Obligations under finance leases	-	673
Rent Free periods	248	301
	<u>248</u>	<u>974</u>

Finance lease obligations are repayable as follows:

	Group	
	2000	1999
	£'000	£'000
Within one year	673	608
Between one and two years	-	673
	<u>673</u>	<u>1,281</u>

17 PROVISIONS FOR LIABILITIES AND CHARGES

	Provision for Property Dilapidations £'000	Reorganisation Provision £'000	Total £'000
Group			
At 27 June 1999	859	2,068	2,927
Released during the year	(22)	(558)	(580)
Provided during the year	361	-	361
At 1 July 2000	<u>1,198</u>	<u>1,510</u>	<u>2,708</u>
Company			
At 26 June 1999 (as restated)	-	706	706
Released during the year	-	(435)	(435)
Provided during the year	-	-	-
At 1 July 2000	<u>-</u>	<u>271</u>	<u>271</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 £558,000 comprises the following:

	£'000
Store rationalisation release	(264)
Costs associated with rationalisation	(154)
Onerous lease provision	(73)
Others	(67)
	<u>(558)</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	2000 £'000	Number	1999 £'000
Authorised:				
Ordinary shares of 2½p each	283,000,000	7,075	283,000,000	7,075
10.5% cumulative redeemable preference shares 1999/2002 of £1 each	<u>0</u>	<u>-</u>	<u>2,000,000</u>	<u>2,000</u>
		<u>7,075</u>		<u>9,075</u>
Called up, allotted and fully paid :				
Ordinary shares of 2½p each	225,396,058	5,635	145,396,058	3,635
10.5% cumulative redeemable preference shares 1999/2002 of £1 each	<u>0</u>	<u>-</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:

As outlined in the Directors Report, these shares were redeemed and cancelled on 29 June 2000.

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19 MOVEMENTS IN RESERVES

	Share Premium £'000	Revaluation reserve account £'000	Profit and Loss account £'000
Group			
Balance at 27 June 1999	35,549	947	(1,730)
Profit for the period	-	-	2,251
Payment of dividend arrears	-	-	(520)
	<u>35,549</u>	<u>947</u>	<u>1</u>
Balance at 1 July 2000	35,549	947	1
Company			
Balance at 26 June 1999	35,549	-	164
Profit for the period	-	-	1,545
Payment of dividend arrears	-	-	(520)
	<u>35,549</u>	<u>-</u>	<u>1,189</u>
Balance at 1 July 2000	35,549	-	1,189

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER FUNDS

	2000 £'000	1999 £'000
Profit on ordinary activities after taxation	2,496	2,015
Dividends	<u>(245)</u>	<u>(310)</u>
Profit retained	2,251	1,705
Non Equity Dividends and Other Appropriations	(520)	310
Release of Revaluation Reserve	-	(105)
Release of Share Premium	-	(20,084)
Transfer between reserves	<u>-</u>	<u>20,189</u>
Net movement in shareholders' funds	1,731	2,015
Opening shareholders' funds	17,284	15,269
	<u>19,015</u>	<u>17,284</u>
Closing shareholders' funds	19,015	17,284

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21 CONTINGENT LIABILITIES

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Guarantees in respect of customs and excise duty deferment	<u>250</u>	<u>250</u>	<u>-</u>	<u>-</u>

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 £119,537 (1999: £108,920).

23 OPERATING LEASE COMMITMENTS

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

	2000		1999	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	110	78	221	4
Within two to five years	439	347	183	375
After five years	<u>12,326</u>	<u>-</u>	<u>10,115</u>	<u>61</u>
	<u>12,875</u>	<u>425</u>	<u>10,519</u>	<u>440</u>

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

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

	2000 Total £'000	1999 Total £'000
Operating profit on ordinary activities before interest	3,204	3,371
Depreciation on tangible fixed assets	3,155	3,252
Profit on disposal of fixed assets	(277)	(756)
Decrease in provisions	(219)	(214)
Decrease/(increase) in stocks	(813)	350
(Increase)/decrease in debtors	(6,002)	(4,508)
Increase/(decrease) in creditors	3,973	(3,712)
Net cash inflow/(outflow) from operating activities	<u><u>3,021</u></u>	<u><u>(2,217)</u></u>

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

	2000 £'000	1999 £'000
(Decrease)/Increase in cash	(1,660)	1,884
Cash inflow from lease financing	<u>608</u>	<u>542</u>
Change in net debt resulting from cash flows	<u>1,052</u>	<u>2,426</u>
Decrease in net debt	1,052	2,426
Net debt at 26 June 1999	<u>(2,260)</u>	<u>(166)</u>
Net cash/(debt) at 1 July 2000	<u><u>1,208</u></u>	<u><u>2,260</u></u>

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26 ANALYSIS OF NET CASH/(DEBT)

	At 26 June 1999 £'000	Cashflow £'000	Other Non Cash Changes £'000	At 1 July 2000 £'000
Cash at bank and in hand	3,549	(1,668)	-	1,881
Bank overdrafts	(8)	8	-	-
Net cash	3,541	(1,660)	-	1,881
Finance leases	(1,281)	608	-	(673)
Net Cash/(Debt)	<u>2,260</u>	<u>(1,052)</u>	<u>-</u>	<u>1,208</u>

27 RELATED PARTY TRANSACTIONS

The Company Secretary, Mr David Kaye, is a partner in Clairmonts Solicitors which have received fees of £72,918 (1999: £58,376) 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.

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 Modern Market Retailing Limited. Brown & Jackson plc has a 100% interest in the equity of Modern Market Retailing Limited.

The Directors regard Modern 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, Parow Industria 7500, RSA.