

Company Registration No. 00736058 (England and Wales)

COSTCUTTER TRADING LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 APRIL 1998



COSTCUTTER TRADING LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the abbreviated accounts	7 - 12

COSTCUTTER TRADING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 1998

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

Principal activities and review of the business

The company's principal activities during the year were as :-

1. Retail supermarket traders,
2. Providers of a wholesale distribution service to retail supermarket traders.

Results and dividends

The results for the year are set out on page 5.

Fixed assets

The significant changes in fixed assets during the year are explained in note 6 to the financial statements.

Directors

The following directors have held office since 1 May 1997:

C J Graves	
J Graves	
N Walker	
B Wilson	(Resigned 18 September 1998)
N Kears	
D M Thompson	(Resigned 27 July 1998 and appointed 18 August 1998)
M K Mayes	
N Ivel	(Appointed 18 September 1998)

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	30 April 1998	1 May 1997
C J Graves	1	1
J Graves	-	-
N Walker	-	-
B Wilson	-	-
N Kears	-	-
D M Thompson	-	-
M K Mayes	-	-

Year 2000

The company has made preparations for ensuring that its operations will not be affected by date related issues at 1 January 2000.

The parent company has formed a year 2000 steering group. This group's objectives are to identify and resolve any year 2000 issues. The scope of the steering group also includes issues that affect Costcutter Trading Ltd.

It is envisaged that the project will be completed by 31 May 1999.

COSTCUTTER TRADING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 1998

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Barrowcliffs be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

By order of the board



J Graves

Secretary

30 October 1998

COSTCUTTER TRADING LIMITED

AUDITORS' REPORT TO THE DIRECTORS OF COSTCUTTER TRADING LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 5 to 12 together with the financial statements of COSTCUTTER TRADING LIMITED prepared under section 226 of the Companies Act 1985 for the year ended 30 April 1998.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985 and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to deliver abbreviated accounts prepared in accordance with section 246A(3) of that Act, in respect of the year ended 30 April 1998 and the abbreviated accounts on pages 5 to 12 have been properly prepared in accordance with that section.

Other information

On 6 November 1998 we reported, as auditors of COSTCUTTER TRADING LIMITED, to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 30 April 1998, and our audit report was as follows:

"We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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.

COSTCUTTER TRADING LIMITED

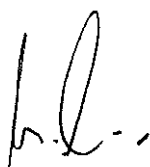
AUDITORS' REPORT TO THE DIRECTORS OF COSTCUTTER TRADING LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the support provided by the parent company. In view of the significance of this support we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985."



Barrowcliffs

6 November 1998

**Chartered Accountants
& Registered Auditors**

46 Park Place
Leeds
LS1 2SY

COSTCUTTER TRADING LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 1998

	Notes	1998 £	1997 £
Gross profit		504,957	413,029
Establishment expenses		(42,745)	(108,688)
Administrative expenses		(392,417)	(339,091)
Other operating income		12,080	20,630
Operating profit/(loss)	2	81,875	(14,120)
Other interest receivable and similar income	3	234	34
Interest payable and similar charges	4	(33,313)	(29,981)
Profit/(loss) on ordinary activities before taxation		48,796	(44,067)
Tax on profit/(loss) on ordinary activities	5	(21,990)	-
Profit/(loss) on ordinary activities after taxation	12	26,806	(44,067)

COSTCUTTER TRADING LIMITED

ABBREVIATED BALANCE SHEET AS AT 30 APRIL 1998

	Notes	1998 £	£	1997 £	£
Fixed assets					
Tangible assets	6		34,935		33,245
Current assets					
Stocks	7	1,770,804		409,536	
Debtors	8	1,263,064		1,323,397	
Cash at bank and in hand		94,179		31,459	
		<u>3,128,047</u>		<u>1,764,392</u>	
Creditors: amounts falling due within one year	9	<u>(3,504,301)</u>		<u>(2,174,262)</u>	
Net current liabilities			(376,254)		(409,870)
Total assets less current liabilities			(341,319)		(376,625)
Provisions for liabilities and charges	10		(8,500)		-
			<u>(349,819)</u>		<u>(376,625)</u>
Capital and reserves					
Called up share capital	11		12,000		12,000
Profit and loss account	12		(361,819)		(388,625)
Shareholders' funds	13		<u>(349,819)</u>		<u>(376,625)</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board on 30 October 1998


C J Graves
Director


J Graves
Director

COSTCUTTER TRADING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 APRIL 1998

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis which is dependent on the continued support of the ultimate parent company. The Directors consider that this support will continue for the foreseeable future.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	15% Reducing balance
--------------------------------	----------------------

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Operating profit/(loss)	1998	1997
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	5,406	5,494
Operating lease rentals	1,202	2,718
Auditors' remuneration	6,700	4,400
Remuneration of auditors for non-audit work	2,850	1,950
and after crediting:		
Rents receivable	12,080	20,630
	<u> </u>	<u> </u>

COSTCUTTER TRADING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 APRIL 1998

3	Other interest receivable and similar income	1998	1997
		£	£
	Bank interest	-	34
	Other interest	234	-
		<hr/>	<hr/>
		234	34
		<hr/>	<hr/>
4	Interest payable	1998	1997
		£	£
	On bank loans and overdrafts	33,313	26,863
	On overdue tax	-	3,118
		<hr/>	<hr/>
		33,313	29,981
		<hr/>	<hr/>
5	Taxation	1998	1997
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 26% (1997 - 0%)	13,490	-
	Deferred taxation	8,500	-
		<hr/>	<hr/>
		21,990	-
		<hr/>	<hr/>

COSTCUTTER TRADING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 APRIL 1998

6 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 May 1997	62,595
Additions	7,096
	<hr/>
At 30 April 1998	69,691
	<hr/>
Depreciation	
At 1 May 1997	29,350
Charge for the year	5,406
	<hr/>
At 30 April 1998	34,756
	<hr/>
Net book value	
At 30 April 1998	34,935
	<hr/> <hr/>
At 30 April 1997	33,245
	<hr/> <hr/>

7 Stocks	1998	1997
	£	£
Goods for resale	1,770,804	409,536
	<hr/> <hr/>	<hr/> <hr/>

8 Debtors	1998	1997
	£	£
Trade debtors	890,207	1,122,191
Amounts owed by group undertakings	121,000	120,905
Other debtors	179,714	57,783
Prepayments and accrued income	72,143	22,518
	<hr/>	<hr/>
	1,263,064	1,323,397
	<hr/> <hr/>	<hr/> <hr/>

COSTCUTTER TRADING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 APRIL 1998

9 Creditors: amounts falling due within one year	1998 £	1997 £
Bank loans and overdrafts (secured)	1,854,461	1,025,296
Trade creditors	789,128	409,176
Amounts owed to group undertakings	802,776	643,658
Corporation tax	13,490	-
Other taxes and social security costs	757	9,771
Other creditors	11,351	65,914
Accruals and deferred income	32,338	20,447
	<u>3,504,301</u>	<u>2,174,262</u>
Debt due within one year	<u>1,854,461</u>	<u>1,025,296</u>

On 4 February 1997 a Cross Guarantee and Debenture was given between Costcutter Trading Limited and Costcutter Convenience Limited, Costcutter Filling Stations Limited, Costcutter Marketing Limited, Costcutter Supermarkets Group Limited and Storestyle Limited.

10 Provisions for liabilities and charges

	Deferred taxation £
Profit and loss account	8,500
Balance at 30 April 1998	<u>8,500</u>

Deferred tax is provided at 31% analysed over the following timing differences:

	Fully provided 1998 £	1997 £
Accelerated capital allowances	<u>8,500</u>	<u>-</u>

COSTCUTTER TRADING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 APRIL 1998

11 Share capital	1998	1997
	£	£
Authorised		
15,000 Ordinary shares of £1 each	15,000	15,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
12,000 Ordinary shares of £1 each	12,000	12,000
	<u> </u>	<u> </u>

12 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 May 1997	(388,625)
Retained profit for the year	26,806
	<u> </u>
Balance at 30 April 1998	(361,819)
	<u> </u>

13 Reconciliation of movements in shareholders' funds	1998	1997
	£	£
Profit/(Loss) for the financial year	26,806	(44,067)
Opening shareholders' funds	(376,625)	(332,558)
	<u> </u>	<u> </u>
Closing shareholders' funds	(349,819)	(376,625)
	<u> </u>	<u> </u>

COSTCUTTER TRADING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 APRIL 1998

14 Employees

Number of employees

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

	1998 Number	1997 Number
Retail	29	36

Employment costs

	£	£
Wages and salaries	94,497	110,627
Social security costs	3,928	4,060
	98,425	114,687

15 Control

The parent company is Costcutter Supermarkets Group Limited, a company registered in England and Wales.

Costcutter Supermarkets Group Limited prepares group financial statements and copies can be obtained from Harvest Mills, Common Road, Dunnington, York, YO1 5RY.

The ultimate controlling parties are Mr C Graves and his wife Mrs J Graves who each hold 25.5% of the issued ordinary share capital of the parent company, Costcutter Supermarkets Group Limited.

Mr C Graves and Mrs J Graves are also Directors of the company and the parent company, Costcutter Supermarkets Group Limited.

16 Related party transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to make disclosures concerning related parties.