

COSTCUTTER TRADING LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 APRIL 1997



COSTCUTTER TRADING LIMITED

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COSTCUTTER TRADING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 1997

The directors present their report and financial statements for the year ended 30 April 1997.

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 7 to the financial statements.

Post Balance Sheet Events

After the year end the company opened a distribution facility based in Northern Ireland. No capital expenditure was involved.

Directors

The following directors have held office since 1 May 1996:

C J Graves
J Graves
N Walker
B Wilson
N Kears
D M Thompson
M K Mayes (Appointed 24 June 1996)

Directors' Interests

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

	Ordinary of £1 each	
	30 April 1997	1 May 1996
C J Graves	1	1
J Graves	-	-
N Walker	-	-
B Wilson	-	-
N Kears	-	-
D M Thompson	-	-
M K Mayes	-	-

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.

COSTCUTTER TRADING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 1997

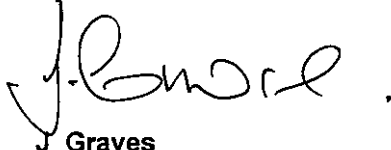
Directors' Responsibilities

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

25 February 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 10 together with the financial statements of COSTCUTTER TRADING LIMITED prepared under section 226 of the Companies Act 1985 for the year ended 30 April 1997.

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 of that Act, in respect of the year ended 30 April 1997 and the abbreviated accounts on pages 3 to 10 have been properly prepared in accordance with that section.

Other information

On 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 1997, and our audit report was as follows:

"We have audited the financial statements on pages 4 to 10 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.

The financial statements have been prepared on a going concern basis which is dependent on the ultimate parent company continuing to provide the necessary support to enable the company to continue trading in the foreseeable future.

COSTCUTTER TRADING LIMITED

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

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 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985."



Barrowcliffs

**Chartered Accountants
& Registered Auditors**

26th January 1997.
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46 Park Place
Leeds
LS1 2SY

COSTCUTTER TRADING LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 1997

	Notes	1997 £	1996 £
Gross profit		413,029	1,641,018
Establishment expenses		(108,688)	(109,839)
Administrative expenses		(339,091)	(1,597,331)
Other operating income		20,630	59,117
Operating loss	2	(14,120)	(7,035)
Other interest receivable and similar income	3	34	1,407
Interest payable and similar charges	4	(29,981)	(24,733)
Loss on ordinary activities before taxation		(44,067)	(30,361)
Tax on loss on ordinary activities	5	-	5,883
Loss on ordinary activities after taxation	11	(44,067)	(24,478)

COSTCUTTER TRADING LIMITED

ABBREVIATED BALANCE SHEET AS AT 30 APRIL 1997

	Notes	1997 £	£	1996 £	£
Fixed assets					
Tangible assets	6		33,245		35,632
Current assets					
Stocks	7	409,536		1,009,982	
Debtors	8	1,323,397		990,423	
Cash at bank and in hand		31,459		282,848	
		<u>1,764,392</u>		<u>2,283,253</u>	
Creditors: amounts falling due within one year	9	<u>(2,174,262)</u>		<u>(2,651,443)</u>	
Net current liabilities			<u>(409,870)</u>		<u>(368,190)</u>
Total assets less current liabilities			<u>(376,625)</u>		<u>(332,558)</u>
Capital and reserves					
Called up share capital	10		12,000		12,000
Profit and loss account	11		<u>(388,625)</u>		<u>(344,558)</u>
Shareholders' funds	12		<u>(376,625)</u>		<u>(332,558)</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 25 February 1998


C J Graves
Director


J Graves
Director

COSTCUTTER TRADING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 APRIL 1997

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 Goodwill

The company's policy is to write off purchased goodwill over its estimated economic life.

1.5 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
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1.6 Leasing

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

1.7 Stock

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

1.8 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 Loss

	1997	1996
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	5,494	6,929
Auditors' remuneration	4,400	6,700
Remuneration of auditors for non-audit work	1,950	3,500
and after crediting:		
Rents receivable	20,630	59,117

COSTCUTTER TRADING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 APRIL 1997

3	Other interest receivable and similar income	1997	1996
		£	£
	Bank interest	34	1,407
		<hr/>	<hr/>
4	Interest payable	1997	1996
		£	£
	On bank loans and overdrafts	26,863	24,553
	On overdue tax	3,118	180
		<hr/>	<hr/>
		29,981	24,733
		<hr/>	<hr/>
5	Taxation	1997	1996
		£	£
	Prior years		
	U.K. Corporation tax	-	(5,883)
		<hr/>	<hr/>
6	Tangible Fixed Assets		
			Fixtures, fittings & equipment £
	Cost		
	At 1 May 1996		59,488
	Additions		3,107
			<hr/>
	At 30 April 1997		62,595
			<hr/>
	Depreciation		
	At 1 May 1996		23,856
	Charge for the year		5,494
			<hr/>
	At 30 April 1997		29,350
			<hr/>
	Net book value		
	At 30 April 1997		33,245
			<hr/>
	At 30 April 1996		35,632
			<hr/>

COSTCUTTER TRADING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 APRIL 1997

7	Stocks	1997	1996
		£	£
	Goods for resale	409,536	1,009,982
		<u>409,536</u>	<u>1,009,982</u>
8	Debtors	1997	1996
		£	£
	Trade debtors	1,122,191	640,884
	Amounts owed by group undertakings	120,905	120,905
	Other debtors	57,783	195,910
	Prepayments and accrued income	22,518	32,724
		<u>1,323,397</u>	<u>990,423</u>
9	Creditors: amounts falling due within one year	1997	1996
		£	£
	Bank loans and overdrafts (Secured)	1,025,296	218,255
	Trade creditors	409,176	1,543,341
	Amounts owed to group undertakings	643,658	835,841
	Corporation tax	-	1
	Other taxes and social security costs	9,771	3,228
	Other creditors	65,914	20,343
	Accruals and deferred income	20,447	30,434
		<u>2,174,262</u>	<u>2,651,443</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	Share capital	1997	1996
		£	£
	Authorised		
	15,000 Ordinary of £1 each	15,000	15,000
		<u>15,000</u>	<u>15,000</u>
	Allotted, called up and fully paid		
	12,000 Ordinary of £1 each	12,000	12,000
		<u>12,000</u>	<u>12,000</u>

COSTCUTTER TRADING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 APRIL 1997

11 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 May 1996	(344,558)
Retained loss for the year	(44,067)
Balance at 30 April 1997	<u>(388,625)</u>

12 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Loss for the financial year	(44,067)	(24,478)
Opening shareholders' funds	(332,558)	(308,080)
Closing shareholders' funds	<u>(376,625)</u>	<u>(332,558)</u>

13 Employees

Number of employees

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

	1997 Number	1996 Number
Retail	<u>36</u>	<u>126</u>

Employment costs

	£	£
Wages and salaries	110,627	208,204
Social security costs	4,060	9,111
	<u>114,687</u>	<u>217,315</u>

14 Control

The ultimate 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.