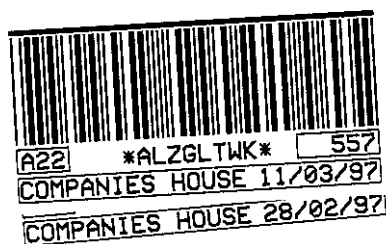


**COSTCUTTER TRADING LIMITED**  
**ABBREVIATED ACCOUNTS**  
**FOR THE YEAR ENDED 30 APRIL 1996**



# **COSTCUTTER TRADING LIMITED**

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# **COSTCUTTER TRADING LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 1996**

The directors present their report and financial statements for the year ended 30 April 1996.

### **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.

The retail supermarket trading division had a disappointing year making significant losses. The wholesale distribution service division had a profitable year.

### **Results and Dividends**

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

The directors do not recommend payment of an ordinary dividend.

### **Fixed Assets**

The significant changes in fixed assets during the year are explained in notes 6 and 7 to the financial statements.

### **Post Balance Sheet Events**

In April 1996, the company providing the delivery service to the Costcutter traders on behalf of Costcutter Trading Ltd went into receivership. Costcutter Trading Ltd no longer provides the distribution service to retailers.

### **Directors**

The following directors have held office since 1 May 1995:

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 shares of £1 each	
	30 April 1996	1 May 1995
C J Graves	1	1
J Graves	-	-
N Walker	-	-
B Wilson	-	-
N Kears	-	-
D M Thompson	-	-

# **COSTCUTTER TRADING LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 1996**

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### **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.

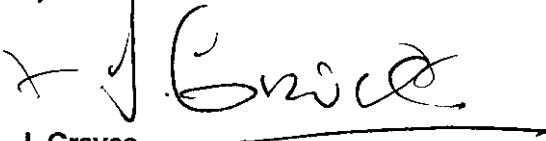
### **Directors' Responsibilities**

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

A handwritten signature in black ink, appearing to read 'J. Graves', with a horizontal line drawn underneath it.

**J Graves  
Secretary**

**4 November 1996**

# **COSTCUTTER TRADING LIMITED**

## **AUDITORS' REPORT TO COSTCUTTER TRADING LIMITED PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985**

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We have examined the abbreviated accounts on pages 5 to 14 together with the financial statements of COSTCUTTER TRADING LIMITED prepared under section 226 of the Companies Act 1985 for the year ended 30 April 1996.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 6 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

### **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 the exemptions conferred by Section B of Part III of Schedule 8 to that Act, in respect of the year ended 30 April 1996, and the abbreviated accounts on pages 5 to 14 have been properly prepared in accordance with that Schedule.

### **Other information**

On 7 November 1996 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 1996, and our audit report was as follows:

"We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

### **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**

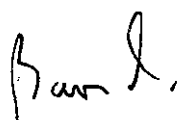
## **AUDITORS' REPORT TO COSTCUTTER TRADING LIMITED PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985**

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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. 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 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985."



**Barrowcliffs**

7 November 1996

**Chartered Accountants  
& Registered Auditors**

46 Park Place  
Leeds  
LS1 2SY

# COSTCUTTER TRADING LIMITED

## ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 1996

	Notes	1996 £	1995 £
<b>Gross profit</b>		1,641,018	1,303,870
Establishment expenses		(109,839)	(273,788)
Administrative expenses		(1,597,331)	(1,004,034)
Other operating income		59,117	34,296
<b>Operating (loss)/profit</b>	<b>2</b>	<b>(7,035)</b>	<b>60,344</b>
Other interest receivable and similar income	<b>3</b>	1,407	204
Interest payable and similar charges	<b>4</b>	(24,733)	(24,113)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(30,361)</b>	<b>36,435</b>
Tax on (loss)/profit on ordinary activities	<b>5</b>	5,883	(43,275)
<b>Loss on ordinary activities after taxation</b>	<b>13</b>	<b>(24,478)</b>	<b>(6,840)</b>

# COSTCUTTER TRADING LIMITED

## ABBREVIATED BALANCE SHEET AS AT 30 APRIL 1996

	Notes	1996 £	£	1995 £	£
<b>Fixed Assets</b>					
Tangible assets	7		35,632		54,561
<b>Current Assets</b>					
Stocks	8	1,009,982		782,837	
Debtors	9	990,423		868,051	
Cash at bank and in hand		282,848		78,139	
		<u>2,283,253</u>		<u>1,729,027</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(2,651,443)</u>		<u>(2,091,668)</u>	
<b>Net Current Liabilities</b>			(368,190)		(362,641)
<b>Total Assets Less Current Liabilities</b>			<u>(332,558)</u>		<u>(308,080)</u>
<b>Capital and Reserves</b>					
Called up share capital	12		12,000		12,000
Profit and loss account	13		(344,558)		(320,080)
<b>Shareholders' Funds</b>	14		<u>(332,558)</u>		<u>(308,080)</u>

In preparing these abbreviated accounts:

- (a) Advantage has been taken of the exemptions conferred by Section B of Part III of Schedule 8 to the Companies Act 1985, and
- (b) In the directors' opinion the company is entitled to these exemptions as a medium-sized company.

The financial statements were approved by the Board on 4 November 1996

  
C J Graves  
Director

  
J Graves  
Director



# **COSTCUTTER TRADING LIMITED**

## **ABBREVIATED CASH FLOW STATEMENT FOR THE YEAR 30 APRIL 1996**

	<b>1996 £</b>	<b>1995 £</b>
<b>Net cash inflow from operating activities</b>	<b>136,731</b>	<b>34,295</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	1,407	204
Interest paid	(23,473)	(24,278)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(22,066)</b>	<b>(24,074)</b>
<b>Taxation</b>		
Corporation tax paid (including advance corporation tax)	(37,391)	-
<b>Tax paid</b>	<b>(37,391)</b>	<b>-</b>
<b>Investing activities</b>		
Payments to acquire tangible assets	(1,454)	(9,737)
Receipts from sales of intangible assets	96,995	-
Receipts from sales of tangible assets	118,000	245,000
<b>Net cash inflow from investing activities</b>	<b>213,541</b>	<b>235,263</b>
<b>Increase in cash and cash equivalents</b>	<b>290,815</b>	<b>245,484</b>

# COSTCUTTER TRADING LIMITED

## NOTES TO THE ABBREVIATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 1996

1	Reconciliation of operating (loss)/profit to net cash inflow from operating activities	1996	1995
		£	£
	Operating (loss)/profit	(7,035)	60,344
	Depreciation of tangible assets	6,929	42,347
	Profit on disposal of tangible assets	-	(76,266)
	Increase/(decrease) in stocks	(227,145)	30,128
	Increase in debtors	(122,372)	(250,282)
	Increase/(decrease) in creditors within one year	486,354	228,024
	Net cash inflow from operating activities	136,731	34,295

2	Analysis of changes in cash and cash equivalents during the year	1996	1995
		£	£
	Balance at 1 May 1995	(226,222)	(471,706)
	Net cash inflow	290,815	245,484
	Balance at 30 April 1996	64,593	(226,222)

3	Analysis of the balances of cash and cash equivalents as shown in the balance sheet	1996	1995	Change in year
		£	£	£
	Cash at bank and in hand	282,848	78,139	204,709
	Bank overdrafts	(218,255)	(304,361)	86,106
		64,593	(226,222)	290,815

4	Analysis of changes in financing during the year	Share capital	Loans and finance lease obligations
		£	£
	Balance at 1 May 1995	12,000	-
	Balance at 30 April 1996	12,000	-

# **COSTCUTTER TRADING LIMITED**

## **NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 APRIL 1996**

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### **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 ultimate parent company continuing to provide the necessary support to enable the company to continue trading in 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 sales at invoice value 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:

Computer equipment	20% Straight line
Shops fixtures & fittings	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 Pensions**

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

#### **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.

# COSTCUTTER TRADING LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 APRIL 1996

<b>2</b>	<b>Operating (Loss)/Profit</b>	<b>1996</b>	<b>1995</b>
		<b>£</b>	<b>£</b>
	Operating (loss)/profit is stated after charging:		
	Depreciation of tangible assets	6,929	42,347
	Operating lease rentals		
	- Motor vehicles	-	73,861
	Auditors' remuneration	6,700	6,000
	and after crediting:		
	Rents receivable	59,117	34,296
		<hr/>	<hr/>
<b>3</b>	<b>Other Interest Receivable and Similar Income</b>	<b>1996</b>	<b>1995</b>
		<b>£</b>	<b>£</b>
	Bank interest	1,407	204
		<hr/>	<hr/>
<b>4</b>	<b>Interest Payable</b>	<b>1996</b>	<b>1995</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	24,553	23,342
	On overdue tax	180	771
		<hr/>	<hr/>
		24,733	24,113
		<hr/>	<hr/>
<b>5</b>	<b>Taxation</b>	<b>1996</b>	<b>1995</b>
		<b>£</b>	<b>£</b>
	<b>U.K. Current year taxation</b>		
	U.K. Corporation tax at 33% (1995 - 33%)	-	43,275
	<b>Prior years</b>		
	U.K. Corporation tax	(5,883)	-
		<hr/>	<hr/>
		(5,883)	43,275
		<hr/>	<hr/>

# COSTCUTTER TRADING LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 APRIL 1996

### 6 Intangible Fixed Assets

	Goodwill £
<b>Cost</b>	
At 1 May 1995	-
Additions	96,995
Disposals	(96,995)
	<hr/>
At 30 April 1996	-
	<hr/>

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

### 7 Tangible Fixed Assets

	Shops fixtures & fittings £
<b>Cost</b>	
At 1 May 1995	77,971
Inter-group transfers	(19,937)
Additions	119,454
Disposals	(118,000)
	<hr/>
At 30 April 1996	59,488
	<hr/>
<b>Depreciation</b>	
At 1 May 1995	23,410
Inter-group transfers	(6,483)
Charge for the year	6,929
	<hr/>
At 30 April 1996	23,856
	<hr/>
<b>Net book value</b>	
At 30 April 1996	35,632
	<hr/>
At 30 April 1995	54,561
	<hr/>

8 Stocks	1996 £	1995 £
Goods for resale	1,009,982	782,837
	<hr/>	<hr/>

# COSTCUTTER TRADING LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 APRIL 1996

9 Debtors	1996	1995
	£	£
Trade debtors	640,884	542,393
Amounts owed by group undertakings	120,905	119,512
Other debtors	195,910	161,801
Prepayments and accrued income	32,724	44,345
	<u>990,423</u>	<u>868,051</u>
10 Creditors: amounts falling due within one year	1996	1995
	£	£
Bank loans and overdrafts (Secured)	218,255	304,361
Trade creditors	1,543,341	1,080,889
Amounts owed to group undertakings	835,841	631,427
Corporation tax	1	43,275
Other taxes and social security costs	3,228	8,417
Other creditors	20,343	4,346
Accruals and deferred income	30,434	18,953
	<u>2,651,443</u>	<u>2,091,668</u>
Debt due within one year	<u>218,255</u>	<u>304,361</u>

On 5th May 1993 a cross guarantee and debenture between Costcutter Supermarkets Group Ltd and Costcutter Trading Ltd was given to Barclays Bank Plc.

A cross guarantee and debenture between Costcutter Trading Ltd, Costcutter Marketing Ltd and Cheers Marketing Ltd was given to Barclays Bank Plc on 1st June 1994.

### 11 Pension Costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £NIL (1995 - £1,920).

# COSTCUTTER TRADING LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 APRIL 1996

12 Share Capital	1996 £	1995 £
<b>Authorised</b>		
15,000 Ordinary shares of £1 each	15,000	15,000
<b>Allotted, called up and fully paid</b>		
12,000 Ordinary shares of £1 each	12,000	12,000

### 13 Statement of Movements on Profit and Loss Account

	Profit and loss account £
Balance at 1 May 1995	(320,080)
Retained loss for the period	(24,478)
Balance at 30 April 1996	(344,558)

14 Reconciliation of Movements in Shareholders' Funds	1996 £	1995 £
Loss for the financial year	(24,478)	(6,840)
Opening shareholders' funds	(308,080)	(301,240)
Closing shareholders' funds	(332,558)	(308,080)

### 15 Financial Commitments

At 30 April 1996 the company had annual commitments under non-cancellable operating leases as follows:

	1996 £	1995 £
Expiry date:		
Within one year	-	3,955
Between two and five years	-	4,083
	-	8,038

# **COSTCUTTER TRADING LIMITED**

## **NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 APRIL 1996**

### **16 Directors' Emoluments**

1996	1995
£	£

Remuneration

-	5,469
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### **17 Employees**

#### **Number of employees**

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

1996	1995
Number	Number

Administration

-	15
---	----

Warehouse

-	24
---	----

Retail

126	35
-----	----

126	74
-----	----

#### **Employment costs**

£	£
---	---

Wages and salaries

208,204	515,160
---------	---------

Social security costs

9,111	41,475
-------	--------

Other pension costs

-	1,920
---	-------

217,315	558,555
---------	---------

### **18 Ultimate Parent Company**

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