

CLUB PRICE LIMITED  
(formerly Hillmost Limited)  
(Registered No. 2776034)

REPORT AND FINANCIAL STATEMENTS

31st AUGUST, 1993



CLUB PRICE LIMITEDREPORT AND FINANCIAL STATEMENTS FOR THE EIGHT MONTHS ENDED 31st AUGUST, 1993

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CLUB PRICE LIMITEDREPORT OF THE DIRECTORS

The directors hereby submit their report, together with the financial statements of the company, for the eight months ended 31st August, 1993.

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The company was incorporated on 23rd December 1992 as Hillmost Limited and changed its name to Club Price Limited on 18th February 1993.

The principal activity of the company was the development of a warehouse club business in the UK.

On 21st October 1993 The Price Co. Inc., the parent company of Price Club of Canada Inc., a 50% shareholder, merged with Costco Wholesale Corporation in the United States of America to form a new company PriceCostco, Inc. Post year end, on 24th February, 1994 an agreement will be signed whereby Costco Europe (UK) Ltd a subsidiary of PriceCostco Inc. will acquire a 100% interest in Club Price Ltd.

**RESULTS AND DIVIDENDS**

The loss for the eight months before taxation amounted to £308,337.

**FIXED ASSETS**

The changes in tangible fixed assets are set out in note 4 to the financial statements.

**EMPLOYEE INVOLVEMENT**

The company recognises the importance of providing to all employees information on matters of concern to them. Regular discussions and briefing meetings are held between management and employees where views are exchanged and discussions held over a wide range of matters affecting the company and its employees.

**EMPLOYMENT OF DISABLED PERSONS**

It is the policy of the company to offer equal opportunity to disabled persons applying for employment, regard being paid only to the particular aptitude, qualification and ability of the applicant. Training, career development and promotion are offered to all employees on the basis of their merit and ability. Every effort is made to continue to employ, in the same or alternative employment, and where necessary to retrain, employees who become disabled during their employment with the company.

CLUB PRICE LIMITEDREPORT OF THE DIRECTORS

## DIRECTORS

The directors who held office during the year were:-

Hallmark Registrars Limited (appointed 23.12.92, resigned 7.1.93)  
 Quickness Limited (appointed 7.1.93, resigned 20.4.93)  
 P. Mignault (appointed 20.4.93, resigned 1.10.93)  
 R. Harel (appointed 20.4.93)  
 M. Tremblay (appointed 20.4.93)  
 R.M. Libenson (appointed 20.4.93)  
 B.G. Dale (appointed 20.4.93)  
 W. Huntley (appointed 20.4.93)  
 R.S. Hingley (appointed 20.4.93)  
 The Hon. J.G. Suenson-Taylor (appointed 1.6.93)  
 J. Goodman (appointed 1.10.93)

There are no interests of directors which are within the disclosure requirements of the Companies Act 1985 in relation to the company or in shares of the company.

During the year no remuneration or benefits of any kind were received by any director from the company.

## ISSUE OF SHARE CAPITAL

During the period 1,000,000 £1 ordinary shares were issued at par in order to provide the company with working capital.

## AUDITORS

Coopers & Lybrand were appointed first Auditors of the company. In accordance with Section 388 of the Companies Act 1985, a resolution proposing the reappointment of Coopers & Lybrand as auditors to the company will be put to the annual general meeting.

BY ORDER OF THE BOARD

*W. Huntley*

W. HUNTLEY  
 Director

LIVERPOOL - 23rd February 1994

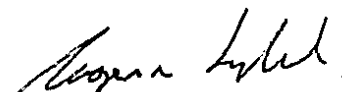
REPORT OF THE AUDITORS

TO THE MEMBERS OF

CLUB PRICE LIMITED

We have audited the Financial Statements on pages 5 to 11 in accordance with Auditing Standards.

In our opinion the Financial Statements give a true and fair view of the state of affairs of the company at 31st August, 1993 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

  
COOPERS & LYBRAND

LIVERPOOL - 24th February 1994

Chartered Accountants and  
Registered Auditors

CLUB PRICE LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE EIGHT MONTHS ENDED 31st AUGUST, 1993

	Notes	1993 £
TURNOVER		-
Cost of sales		-
GROSS PROFIT		-
Distribution costs		-
Administrative expenses		323,215
OPERATING LOSS		(323,215)
Interest receivable		14,878
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	1	(308,337)
Taxation	3	-
RETAINED LOSS FOR PERIOD		(308,337)

The company has no other recognised gains and losses other than the loss for the period shown above.

CLUB PRICE LIMITEDBALANCE SHEET 31st AUGUST, 1993

	Notes	1993 £
<b>FIXED ASSETS</b>		
Tangible assets	4	303,043
<b>CURRENT ASSETS</b>		
Debtors	5	15,894
Cash at bank and in hand		538,741
		554,635
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Taxation and social security		12,293
Accruals and deferred income		153,722
		166,015
<b>NET CURRENT ASSETS</b>		388,620
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		691,663
<b>CAPITAL AND RESERVES</b>		
Called up share capital	6	1,000,000
Profit and loss account	7	(308,337)
		691,663

The Financial Statements were approved by the Board of Directors on 23rd February 1994.

W. Huntley

W. HUNTLEY  
Director

CLUB PRICE LIMITEDCASH FLOW STATEMENTFOR THE EIGHT MONTHS ENDED 31st AUGUST, 1993

	1993 £
NET CASH FLOW FROM OPERATING ACTIVITIES	
Operating Loss	(323,215)
Depreciation charges	366
Increase in debtors	(11,434)
Increase in creditors	135,859
	<u>(198,424)</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	
Interest received	10,418
INVESTING ACTIVITIES	
Purchase of tangible fixed assets	(273,253)
NET CASH INFLOW BEFORE FINANCING	<u>(461,259)</u>
FINANCING	
Issue of Ordinary Share capital	1,000,000
	<u>538,741</u>
INCREASE IN CASH AND CASH EQUIVALENTS	
Balance as at 23rd December 1992	-
Balance as at 31st August 1993	<u>538,741</u>
INCREASE IN CASH AND CASH EQUIVALENTS	<u>538,741</u>



CLUB PRICE LIMITEDSTATEMENT OF ACCOUNTING POLICIESPRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

BASIS OF ACCOUNTING

The Financial Statements have been prepared on the historical cost basis of accounting.

DEPRECIATION OF TANGIBLE FIXED ASSETS

Costs incurred in the acquisition and development of warehouse club sites are capitalised once the successful completion of the project can be ascertained with reasonable certainty.

Fixed assets are written off by equal annual instalments over their estimated useful lives at the following rates per annum:-

Computer equipment	20%
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PENSIONS

The company operates a defined benefit scheme administered by Save & Prosper Group Ltd. The scheme is funded by contributions partly from the employee and partly from the Company.

CLUB PRICE LIMITEDNOTES TO THE FINANCIAL STATEMENTS FOR THE EIGHT MONTHS ENDED 31st AUGUST, 19931. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	1993 £
Depreciation - owned assets	366
Auditors' remuneration	5,000
	<u>          </u>

2. DIRECTORS AND EMPLOYEES

	1993 £
Staff costs	
Wages and salaries	194,478
Social security costs	8,576
Company pension scheme contributions	11,883
	<u>214,937</u>

	No.
Average number of employees	
Full time	<u>2</u>

Staff costs include the following emoluments in respect of directors:

	1993 £
Directors' emoluments	<u>Nil</u>

3. TAXATION

There is no tax charge for the eight months. The losses available to carry forward for use in future years are £313,423.

CLUB PRICE LIMITEDNOTES TO THE ACCOUNTS FOR THE EIGHT MONTHS ENDED 31st AUGUST, 19934. TANGIBLE FIXED ASSETS

	Total £	Land and buildings £	Computer equipment £
COST			
At 23rd December, 1992	-	-	-
Additions during year	303,409	297,456	5,953
Disposals during year	-	-	-
At 31st August, 1993	303,409	297,456	5,953
DEPRECIATION			
At 23rd December, 1992	-	-	-
Additions during the year	-	-	-
Charge for the year	366	-	366
Disposals	-	-	-
At 31st August, 1993	366	-	366
NET BOOK VALUE			
31st August, 1993	303,043	297,456	5,587
23rd December, 1992	-	-	-

5. DEBTORS

	1993 £
Amounts falling due within one year	
Other debtors	9,893
Prepayments and accrued income	6,001
	<u>£15,894</u>

6. CALLED UP SHARE CAPITAL

Authorised, allotted, called up and fully paid 1,000,000 ordinary shares of £1 each	<u>£1,000,000</u>
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CLUB PRICE LIMITEDNOTES TO THE ACCOUNTS FOR THE EIGHT MONTHS ENDED 31st AUGUST, 19937. PROFIT AND LOSS ACCOUNT

	1993 £
At 23rd December, 1992	-
Retained loss for the year	(308,337)
At 31st August, 1993	<u>(308,337)</u>

8. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share Capital £	Profit and Loss Account £	Total £
Loss for the financial year	-	(308,337)	(308,337)
New share capital issued	1,000,000	-	1,000,000
At 23rd December, 1992	-	-	-
At 31st August, 1993	<u>1,000,000</u>	<u>(308,337)</u>	<u>691,663</u>

9. CONTINGENT LIABILITY

The company has entered into an agreement with Beoco Ltd. to purchase land at Great Howard Street, Liverpool subject to satisfactory planning permission being obtained. This potential liability still outstanding is £1,890,000.

10. PENSION COMMITMENTS

The company operates a defined benefit pension scheme. Contributions to the scheme are assessed in accordance with the advice of an independent qualified actuary and the total pension cost charged in these accounts amounted to £11,883.