ARCTIC CASH AND CARRY LIMITED

Company No. 1112492

****

REPORTS AND ACCOUNTS FOR THE

YEAR ENDED 3RD JUNE 1998

****

C.C.JENKINS & PARTNERS

CHARTERED CERTIFIED ACCOUNTANTS

ARCTIC CASH AND CARRY LIMITED

BALANCE SHEET
AS AT 3RD JUNE 1998

	1998		1997	
	£	£	£	£
FIXED ASSETS				
Tangible assets		7,934		11,063
CURRENT ASSETS				
Stock	20,221		16,828	
Debtors	48,148		41,605	
Cash at bank and in hand	7,430		2,401	
	75,799		60,834	
Creditors - amounts falling due within one year				
Trade creditors	39,326		33,811	
Sundry creditors	15,900		21,030	
	55,226		54,841	
NET CURRENT ASSETS		20,573		5,993
TOTAL ASSETS LESS CURRENT LIABILITIES		28,507		17,056
Creditors - amounts falling due after more than one year		27,018		33,914
		1,489		(16,858)
CAPITAL AND RESERVES				
Called up Share Capital		1,000		1,000
Reserves				
Profit and loss account		489		(17,858)
Shareholder's Funds		1,489		(16,858)

We have relied on the exemption for individual accounts available under the Companies Act 1985 and have done so on the basis that the company is entitled to the benefit of those exemptions as a small company.

............J.T. Suter)
............A.J. Suter) DIRECTORS 27th November 1998

ARCTIC CASH AND CARRY LIMITED

SPECIAL AUDIT REPORT TO THE DIRECTORS

In our opinion, the Directors are entitled, under Section 247- 9 of the Companies Act 1985 to deliver modified financial statements in respect of the year ended 3rd June 1998 and in particular, the modified statements have been properly prepared under Schedule 8 of the Act.
We are not required to express an audit opinion on the modified accounts.
We reproduce below our audit report to the members of the company on the financial statement (not appended hereto) for the year ended 3rd June 1998 as follows:-
We have audited the financial statements on pages 4 to 6f which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on Page 6a.

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 have conducted our audit on accordance with Auditing Standards issued by the Auditing Practices Board. An audit included 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 as to whether 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.
In forming our opinion we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the inherent uncertainty as to the continuation and the renewal of the company's overdraft facility.
In view of the matters referred to above and in note 1 we consider that there is a significant level of concern as to the appropriateness of the going concern basis and that this inherent uncertainty is fundamentsl to the financial statements as a whole. However, our opinion is not qualified in this respect and on the basis of our discussions with the directors and other information we obtained during our audit, we consider that it is appropriate for the directors to prepare the financial statements on a going concern basis.

Qualified opinion arising from disagreement about accounting treatment

Included in the debtors shown in the balance sheet is an amount of £27351 due from companies which have ceased trading. Artic Cash and Carry Ltd. has no security for these debts. In our opinion the company is unlikely to receive any payment and full provision of £27351 should have been made, increasing the loss before tax and increasing excess liabilities by that amount.
Except for the absence of this provision, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 3rd June 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

C.C.Jenkins & Partners
Chartered Certified Accountants
and Registered Auditor.

34-35 Tydraw Street
Port Talbot
27th November 1998

ARCTIC CASH AND CARRY LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 3RD JUNE 1998

STATEMENT OF ACCOUNTING POLICIES

Accounting Convention
These financial statements have been prepared in accordance with the historical cost convention. The principle accounting policies which the directors have adopted within that convention are set out below.

Turnover
Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities after deduction of trade discounts.

Tangible Fixed Assets and Depreciation
Depreciation has been provided in order to write off the cost of fixed assets over their estimated useful lives using the reducing balance basis as follows :-

Alterations to Property	Over term of lease
Plant and Machinery	20%
Fixtures and Fittings	10%
Motor Vehicles	25%
Leased Assets	Over term of lease

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

Pensions
The company operates defined contribution, externally funded pension schemes covering the directors. Contributions are normally charged against profits as the contributions are made.

Lease Obligations
Assets held under Leasing Agreements have been capitalised at their fair values and have been depreciated over the term of the lease lives on a staight line basis. The related interest charges are allocated to the Profit and Loss Account on a straight line basis.

Going Concern
The accounts have been drawn up on the going concern basis. The major creditor of the company is the director with loans to the company of £29,517 at the balance sheet date. The directors have indicated that these loans will not be collected immediatly unless the company is in an improved position to pay them. Therefore, if the going concern basis were not appropriate, adjustment would have to be made to reduce the value of the asset to their recoverable amount, to provide for any further liabilities that might arise and to reclassify fixed assets as current assets and long term liabilities as current liabilities.

ARCTIC CASH AND CARRY LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 3RD JUNE 1998

STATEMENT OF ACCOUNTING POLICIES

Accounting Convention

These financial statements have been prepared in accordance with the historical cost convention. The principle accounting policies which the directors have adopted within that convention are set out below.

Turnover

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities after deduction of trade discounts.

Tangible Fixed Assets and Depreciation

Depreciation has been provided in order to write off the cost of fixed assets over their estimated useful lives using the reducing balance basis as follows :-

Alterations to Property	Over term of lease
Plant and Machinery	20%
Fixtures and Fittings	10%
Motor Vehicles	25%
Leased Assets	Over term of lease

Stock

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

Pensions

The company operates defined contribution, externally funded pension schemes covering the directors. Contributions are normally charged against profits as the contributions are made.

Lease Obligations

Assets held under Leasing Agreements have been capitalised at their fair values and have been depreciated over the term of the lease lives on a staight line basis. The related interest charges are allocated to the Profit and Loss Account on a straight line basis.

Going Concern

The accounts have been drawn up on the going concern basis. The major creditor of the company is the director with loans to the company of £29,517 at the balance sheet date. The directors have indicated that these loans will not be collected immediatly unless the company is in an improved position to pay them. Therefore, if the going concern basis were not appropriate, adjustment would have to be made to reduce the value of the asset to their recoverable amount, to provide for any further liabilities that might arise and to reclassify fixed assets as current assets and long term liabilities as current liabilities.

ARCTIC CASH AND CARRY LIMITED

NOTES OF ACCOUNTS FOR THE YEAR ENDING 3RD JUNE 1998

NOTES

1. CREDITORS - Ammounts falling due after more than one year.

	1998 £	1997 £
Directors Loan Account	21,033	23,726
Lease Purchase	349	2,440
Bank Loan	5,636	7,748
	27,018	33,914

2. SHARE CAPITAL

	1998 £	1997 £
Ordinary Share Capital of £1 each :		
Authorised	1,000	1,000
Called up & Fully Paid	1,000	1,000

ARTIC CASH AND CARRY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 3RD JUNE 1998

TANGIBLE ASSETS

	Motor Vehicles £	Plant and Equipment £	Fixtures and Fittings £	Land and Buildings £	TOTAL £
COST					
At 4th June 1997	8,890	28,858	8,253	2,682	48,683
At 3rd June 1998	8,890	28,858	8,253	2,682	48,683
DEPRECIATION					
At 4th June 1997	4,358	25,027	5,553	2,682	37,620
Charge for the Year	2,092	767	270	-	3,129
At 3rd June 1998	6,450	25,794	5,823	2,682	40,749
NET BOOK VALUE					
At 3rd June 1998	2,440	3,064	2,430	-	7,934
At 3rd June 1997	4,532	3,831	2,700	-	11,063

Included in Tangible Assets are Leased Assets at cost £8,890 and accumulated depreciation £6,450. (1997: £8,890 and £4,358 respectively)

LAND AND BUILDINGS

Land and buildings represent alterations to leasehold property. These alterations have been depreciated over the term of the lease.