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THE COUNTRY MARKET LIMITED

REPORT AND ACCOUNTS

24 NOVEMBER 1985



REPORT OF THE DIRECTORSFOR THE PERIOD ENDED 24 NOVEMBER 1985Directors

DW Cox
RJ Wyeth

The directors submit their report and accounts for the fifty two week period ended 24 November 1985.

RESULTS AND DIVIDENDS

The trading loss for the period, after taxation, amounted to £48,074 (1984 £77,131).

The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company operates grocery and food stores. Turnover has decreased by 13.4% over the previous period of the same length but throughout the period administrative costs have been reduced and gross margins increased. The directors consider that this period of rationalisation has placed the company in a good position to take advantage of any opportunities that may arise.

There have been no events since the balance sheet date which materially affect the position of the company.

TANGIBLE ASSETS

The movements in tangible assets during the period are summarised in note 8 to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors at 24 November 1985 and their interests in the share capital of the company were as follows:

	Ordinary shares of £1 each	
	24 November 1985	25 November 1984
DW Cox	60,000	48,000
RJ Wyeth	40,000	26,000

P Loizou resigned on 19 September 1985.

MARKET VALUE OF LEASEHOLD PROPERTIES

The company's interest in the unexpired period of its leasehold properties has been valued on an existing use basis at £160,000 by Christie & Co, Business Agents, Valuers and Surveyors. The valuation, which is £62,000 higher than a previous valuation, has been incorporated in these accounts.

REPORT OF THE DIRECTORS

FOR THE PERIOD ENDED 24 NOVEMBER 1985

(Continued)

CLOSE COMPANY

The company is a close company within the provisions of the Income and Corporation Taxes Act 1970.

AUDITORS

A resolution to reappoint Birkett Wesson incorporating Saphir, Marks & Co will be put to the members at the next Annual General Meeting.

Registered Office

20/21 Princes Street
Hanover Square
London
W1R 8PX

By order of the board


SECRETARY
6 May 1986

REPORT OF THE AUDITORS

TO THE MEMBERS OF

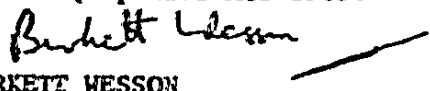
THE COUNTRY MARKET LIMITED

We have audited the accounts on pages 4 to 12. Our audit was conducted in accordance with approved auditing standards having regard to the matters referred to in the following paragraph.

In common with many businesses of similar size and organisation, the company's system of control is dependent upon the close involvement of the directors (who are major shareholders). Where independent confirmation of the completeness of the accounting records was therefore not available we have accepted assurances from the directors that all the company's transactions have been reflected in the records.

Subject to the foregoing, in our opinion the accounts which have been prepared under the historical cost convention as modified by the revaluation of leasehold properties give a true and fair view of the state of the company's affairs at 24 November 1985 and of its loss and source and application of funds for the period then ended and comply with the Companies Act 1985.

20/21 Princes Street
Hanover Square
London
W1R 8PX


BIRKETT WESSON
Incorporating Saphir, Marks & Co
Chartered Accountants

6 May

1986

THE COUNTRY MARKET LIMITED

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PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 24 NOVEMBER 1985

	<u>Notes</u>	Period ended 24 November 1985	Period ended 25 November 1984
TURNOVER	1	2,351,850	2,716,068
COST OF SALES		(1,671,095)	(2,036,603)
GROSS PROFIT		680,755	679,465
Selling costs		356,377	395,502
Administrative expenses		359,030	345,485
		715,407	(740,987)
OPERATING LOSS	2	(34,652)	(61,522)
Interest receivable	4	1,816	24
Interest payable	5	(15,229)	(15,626)
		(13,413)	(15,602)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(48,065)	(77,124)
Tax on loss on ordinary activities	6	(9)	(7)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL PERIOD		(48,074)	(77,131)
Losses brought forward		(169,949)	(92,818)
Losses carried forward		<u>£ (218,023)</u>	<u>£ (169,949)</u>

BALANCE SHEET - 24 NOVEMBER 1985

	<u>Notes</u>	24 November 1985	25 November 1984
FIXED ASSETS			
Intangible assets	7	100	100
Tangible assets	8	343,068	311,744
Investments	9	<u>1,180</u>	<u>1,180</u>
		344,348	313,024
CURRENT ASSETS			
Stocks		90,785	91,802
Debtors	10	43,519	24,914
Cash at bank and in hand		<u>3,748</u>	<u>29,653</u>
		138,052	146,369
CREDITORS			
Amounts falling due within one year	11	<u>345,808</u>	<u>342,454</u>
NET CURRENT LIABILITIES		<u>(207,756)</u>	<u>(196,085)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		136,592	116,939
CREDITORS			
Amounts falling due after more than one year:			
Bank loans	12	68,388	82,769
Obligations under leases and hire purchase contracts		<u>755</u>	<u>8,647</u>
		(69,143)	(91,416)
		<u>£ 67,449</u>	<u>£ 25,523</u>
CAPITAL AND RESERVES			
Share capital	13	100,000	100,000
Revaluation reserve	14	185,472	95,472
Accumulated losses		<u>(218,023)</u>	<u>(169,949)</u>
		<u>£ 67,449</u>	<u>£ 25,523</u>

Approved by the board on 26 May 1986

.....) Directors
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THE COUNTRY MARKET LIMITED

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STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE PERIOD ENDED 24 NOVEMBER 1985

	24 November 1985	25 November 1984
Loss on ordinary activities before taxation	(48,065)	(77,124)
Adjustment for item not involving the movement of funds:		
Depreciation	73,005	28,337
	<hr/>	<hr/>
FUNDS GENERATED FROM (ABSORBED BY) OPERATIONS	24,940	(48,787)
APPLICATION OF FUNDS		
Purchase of tangible fixed assets	14,329	16,858
Purchase of investments	-	100
Loans repaid	14,381	12,018
Tax paid	9	7
	<hr/>	<hr/>
	28,719	(28,983)
	<hr/>	<hr/>
MOVEMENT IN WORKING CAPITAL	(3,779)	(77,770)
Stocks	(1,017)	(17,193)
Debtors	18,605	(6,873)
Creditors	4,538	(37,319)
	<hr/>	<hr/>
Cash at bank and in hand	22,126	(61,385)
	<hr/>	<hr/>
	(25,905)	(16,385)
	<hr/>	<hr/>
	£ (3,779)	£(77,770)
	<hr/>	<hr/>

NOTES TO THE ACCOUNTSFOR THE PERIOD ENDED 24 NOVEMBER 1985

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention as modified by the revaluation of leasehold properties.

Turnover

Turnover represents the value of goods sold during the period, stated net of value added tax.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold properties	: over the lease term
Plant and machinery	: 12½% pa
Fixtures, fittings and equipment	: 10% pa
Motor vehicles	: 20% pa

Stocks

Stocks are stated at the lower of cost and net realisable value. Stocks at branches are calculated at retail selling prices and reduced by appropriate margins to the lower of cost and net realisable value.

Leasing and hire purchase commitments

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

2. OPERATING LOSS

This is stated after charging:

	Period ended 24 November 1985	Period ended 25 November 1984
Staff costs (note 3)	£379,881	£390,101
Depreciation	73,005	28,337
Auditors' remuneration	5,000	6,000
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTSFOR THE PERIOD ENDED 24 NOVEMBER 1985(Continued)

3. STAFF COSTS	24 November 1985	25 November 1985
Wages and salaries	344,175	348,065
Social security costs	30,872	36,031
Other pension costs	4,834	6,005
	<u>£379,881</u>	<u>£390,101</u>
The average weekly number of employees during the period was made up as follows:		
	No.	No.
Office and management	9	8
Sales and store personnel	48	45
	<u>57</u>	<u>53</u>
Directors' remuneration consists of:		
Remuneration	58,050	60,000
Severance payment	4,000	-
Pension contributions	2,322	2,884
	<u>£ 64,372</u>	<u>£ 62,884</u>
Emoluments (excluding pension contributions) of the Chairman and highest paid director	<u>£ 23,000</u>	<u>£ 23,000</u>
The emoluments (excluding pension contributions) of other directors fell within the following range:		
15,001 - 20,000	<u>2</u>	<u>2</u>
4. INTEREST RECEIVABLE		
Unlisted investments	29	24
Deposit account interest	1,787	-
	<u>£ 1,816</u>	<u>£ 24</u>
5. INTEREST PAYABLE	1985	1984
Bank loans and overdrafts	<u>£ 15,229</u>	<u>£ 15,626</u>

NOTES TO THE ACCOUNTSFOR THE PERIOD ENDED 24 NOVEMBER 1985(Continued)

6. TAX ON LOSS ON ORDINARY ACTIVITIES

No taxation has been provided in the accounts as there are tax losses (subject to Inland Revenue agreement) available for carry forward against future profits of the same trade. The tax charge in profit and loss account is the tax credit on dividend income.

7. INTANGIBLE FIXED ASSETS	24 November 1985		25 November 1984	
Trade marks	£	100	£	100
		<u> </u>		<u> </u>
8. TANGIBLE FIXED ASSETS				
		Fixtures, fittings, plant, machinery		
	Leasehold	and	Motor	
	properties	equipment	vehicles	TOTAL
COST OR VALUATION				
26 November 1984	98,000	229,585	24,902	352,487
Additions	-	14,329	-	14,329
Surplus on revaluation	62,000	-	-	62,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 24 November 1985	160,000	243,914	24,902	428,816
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION				
26 November 1984	-	33,889	6,854	40,743
Charge for the period	28,000	40,025	4,980	73,005
Surplus on revaluation	(28,000)	-	-	(28,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 24 November 1985	-	73,914	11,834	85,748
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE				
24 November 1985	<u>£160,000</u>	<u>£170,000</u>	<u>£ 13,068</u>	<u>£343,068</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
25 November 1984	<u>£ 98,000</u>	<u>£195,696</u>	<u>£ 18,048</u>	<u>£311,744</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The company's fixtures, fittings, plant, machinery and equipment and its interest in the unexpired period of its leasehold properties have been formally valued at 24 November 1985 on an existing use basis at £170,000 and £160,000 respectively by Christie & Co, Business Agents, Valuers and Surveyors. The surplus has been credited to the revaluation reserve.

NOTES TO THE ACCOUNTSFOR THE PERIOD ENDED 24 NOVEMBER 1985

(Continued)

8. TANGIBLE FIXED ASSETS (continued)

The historical cost information required to be disclosed is as follows:

	Leasehold properties	Fixtures, fittings, plant, machinery and equipment	Motor vehicles	TOTAL
COST				
26 November 1984	2,528	229,585	24,902	257,015
Additions	-	14,329	-	14,329
	<u>2,528</u>	<u>243,914</u>	<u>24,902</u>	<u>271,344</u>
At 24 November 1985				
DEPRECIATION				
26 November 1984	-	33,889	6,854	40,743
Charge for the period	722	25,444	4,980	31,146
	<u>722</u>	<u>59,333</u>	<u>11,834</u>	<u>71,839</u>
At 24 November 1985				
NET BOOK VALUE				
24 November 1985	<u>£ 1,806</u>	<u>£184,581</u>	<u>£ 13,068</u>	<u>£199,455</u>
25 November 1984	<u>£ 2,528</u>	<u>£195,696</u>	<u>£ 18,048</u>	<u>£216,272</u>

9. INVESTMENTS

24 November 1985 25 November 1984

Unlisted investments in trade associations at cost	<u>£ 1,180</u>	<u>£ 1,180</u>
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10. DEBTORS

Debtors	10,706	-
Prepayments	<u>32,813</u>	<u>24,914</u>
	<u>£ 43,519</u>	<u>£ 24,914</u>

NOTES TO THE ACCOUNTSFOR THE YEAR ENDED 24 NOVEMBER 1985(Continued)

	24 November 1985	25 November 1984
11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Current instalments due on bank loans (note 12)	19,569	19,569
Obligations under finance leases and hire purchase contracts	8,863	6,791
Trade creditors	253,593	240,904
Expense creditors	27,194	24,405
Other taxes and social security costs	16,858	20,172
Accruals	19,731	30,613
	<u>£345,808</u>	<u>£342,454</u>

12. BANK LOANS

These are as follows:

Wholly repayable within five years	33,227	35,446
Not wholly repayable within five years	54,730	66,892
	<u>£ 87,957</u>	<u>£102,338</u>
Amounts repayable within five years	87,957	96,257
Amounts repayable after five years	-	6,081
	<u>87,957</u>	<u>102,338</u>
Amount included in current liabilities (note 11)	19,569	19,569
	<u>£ 68,388</u>	<u>£ 82,769</u>

The bank overdraft facility and bank loans are secured by a debenture granting fixed and floating charges over the company's undertaking and all property and assets present and future including goodwill, book debts, uncalled capital, buildings, fixtures and fixed plant and machinery.

13. SHARE CAPITAL

	Authorised, allotted, issued and fully paid 1985	1984
Ordinary shares of £1 each	<u>£100,000</u>	<u>£100,000</u>

NOTES TO THE ACCOUNTSFOR THE PERIOD ENDED 24 NOVEMBER 1985(Continued)

14. REVALUATION RESERVE	1985	1984
26 November 1984	95,472	-
Arising on revaluation during the period (note 8)	90,000	95,472
24 November 1985	<u>£185,472</u>	<u>£ 95,472</u>

15. PENSION SCHEME

The company has a fully insured pension scheme for its present directors and employees. Premiums paid to this scheme amounted to:

	1985	1984
Directors	2,322	2,884
Employees	2,512	3,121
	<u>£ 4,834</u>	<u>£ 6,005</u>

16. CONTINGENT LIABILITIES

There were no contingent liabilities at 24 November 1985 (1984: £NIL).