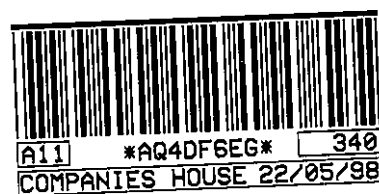


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LONDON AND HOME COUNTIES SUPERSTORES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997



LONDON AND HOME COUNTIES SUPERSTORES LIMITED

COMPANY INFORMATION

Directors

N M Patel
J M Patel
M M Patel

Secretary

A G Patel

Company number

1925269

Registered office

Europa House
Northolt Industrial Estate
Rowdell Road
Middlesex
UB5 5QR

Auditors

Blick Rothenberg
12 York Gate
Regent's Park
London
NW1 4QS

LONDON AND HOME COUNTIES SUPERSTORES LIMITED

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LONDON AND HOME COUNTIES SUPERSTORES LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

The directors present their report and financial statements for the 52 weeks ended 27 September 1997.

Principal activity and review of the business

The principal activity of the company continued to be that of retail grocers.

The results for the 52 weeks and the financial position at the period end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the 52 weeks are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

It is proposed that the retained profit of £78,426 is transferred to reserves.

Fixed assets

The changes in fixed assets during the 52 weeks are explained in notes 7 and 8 to the financial statements.

Directors and their interests

The following directors who held office at the end of the period had no interests in the share capital of the company at the beginning and end of the period:

N M Patel

J M Patel

M M Patel

The directors' interests in the share capital of the holding company are shown in the financial statements of that company.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Blick Rothenberg be reappointed as auditors of the company will be put to the Annual General Meeting.

LONDON AND HOME COUNTIES SUPERSTORES LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 SEPTEMBER 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 G Patel

Secretary

5th May 1998

LONDON AND HOME COUNTIES SUPERSTORES LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF LONDON AND HOME COUNTIES SUPERSTORES LIMITED

We have audited the financial statements on pages 4 to 11 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.

Qualified opinion arising from disagreement about accounting treatment

As stated in note 1.8, the investment property (included in the balance sheet at £113,181) is stated at its historic cost rather than, as required by Statement of Standard Accounting Practice No. 19, at its open market value. We are unable to quantify the effect, if any, on reserves and tangible assets of this non-compliance.

Except for the effect on the balance sheet of not including the investment property at its open market value, in our opinion, the financial statements give a true and fair view of the state of the company's affairs at 27 September 1997 and of its profit for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

7 May 1998
12 York Gate
Regent's Park
London
NW1 4QS



BLICK ROTHENBERG
Chartered Accountants
Registered Auditor

LONDON AND HOME COUNTIES SUPERSTORES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

		1997	1996
	Notes	£	£
Turnover	2	9,105,841	9,391,286
Net operating expenses	3	<u>(8,974,015)</u>	<u>(9,056,696)</u>
Operating profit	4	131,826	334,590
Interest payable and similar charges	5	<u>-</u>	<u>792</u>
Profit on ordinary activities before taxation		131,826	335,382
Tax on profit on ordinary activities	6	<u>(53,400)</u>	<u>(124,014)</u>
Retained profit for the 52 weeks	13	<u>78,426</u>	<u>211,368</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

LONDON AND HOME COUNTIES SUPERSTORES LIMITED

BALANCE SHEET AS AT 27 SEPTEMBER 1997

			1997	1996
	Notes	£	£	£
Fixed assets				
Tangible assets	7 and 8		315,795	350,735
Current assets				
Stocks	9	251,700		241,053
Debtors	10	583,950		583,950
Cash at bank and in hand		-		7,381
		<u>835,650</u>		<u>832,384</u>
Creditors: amounts falling due within one year	11	(92,941)		(203,041)
		<u></u>		<u></u>
Net current assets			742,709	629,343
Total assets less current liabilities			<u>1,058,504</u>	<u>980,078</u>
Capital and reserves				
Called up share capital	12	1,000,000		1,000,000
Profit and loss account	13	58,504		(19,922)
		<u></u>		<u></u>
Shareholders' funds - equity interests	14		<u>1,058,504</u>	<u>980,078</u>

The financial statements were approved by the Board on 5th May 1998


J M Patel
Director


M M Patel
Director

LONDON AND HOME COUNTIES SUPERSTORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

1 Accounting policies

1.1 Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Turnover

Turnover represents amounts receivable for goods net of value added tax.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets, excluding investment property, 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:

Short leasehold properties	Over the period of the lease
Fixtures, fittings & equipment	15% Straight line

1.4 Leasing commitments

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

1.5 Stock

Stocks in stores are valued by professional stocktakers at retail prices adjusted to the lower of cost and net realisable value.

1.6 Deferred taxation

Deferred taxation is provided using the liability method on all timing differences, including those relating to pensions, to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred tax balance. Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

1.7 Repairs and renewals

Expenditure on repairs, renewals and certain equipment is written off in the year in which it is incurred.

Certain major items of fixed plant and structure are incorporated within the cost of freehold and leasehold property when purchased. When replaced, these are fully expensed as repairs and renewals in the profit and loss account.

1.8 Investment property

The investment property is stated at historic cost. The directors consider that the cost of revaluation would be of no benefit to the shareholders.

Since no up to date professional estimate of the open market value of the investment property has been obtained, it is not possible to quantify the effect on the financial statements of this departure from Statement of Standard Accounting Practice No. 19.

2 Turnover

The total turnover of the company for the 52 weeks has been derived from its principal activity wholly undertaken in the United Kingdom.

LONDON AND HOME COUNTIES SUPERSTORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

3	Net operating expenses	1997	1996
		£	£
	Change in stocks	(10,647)	(13,881)
	Other external charges	6,440,220	6,541,261
	Staff costs	1,353,498	1,340,736
	Depreciation	34,940	34,950
	Other operating charges	1,181,558	1,189,574
	Other operating income	(25,554)	(35,944)
		<u>8,974,015</u>	<u>9,056,696</u>
4	Operating profit	1997	1996
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	34,940	34,950
	Operating lease rentals	378,243	383,277
	Auditors' remuneration	9,382	7,284
5	Interest payable and similar charges	1997	1996
		£	£
	Lease finance charges and hire purchase interest	-	(792)
6	Taxation	1997	1996
		£	£
	UK current year taxation		
	UK corporation tax at 32% (1996 - 33%)	53,400	124,014

LONDON AND HOME COUNTIES SUPERSTORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

7 Tangible fixed assets

	Land and buildings leasehold £	Fixtures, fittings & equipment £	Total £
Cost			
At 29 September 1996 and at 27 September 1997	657,991	782,882	1,440,873
Depreciation			
At 29 September 1996	420,438	782,881	1,203,319
Charge for the period	34,940	-	34,940
At 27 September 1997	455,378	782,881	1,238,259
Net book value			
At 27 September 1997	202,613	1	202,614
At 28 September 1996	237,553	1	237,554

8 Tangible fixed assets

	Investment property £
Cost	
At 29 September 1996 & at 27 September 1997	113,181

9 Stocks

	1997 £	1996 £
Finished goods and goods for resale	251,700	241,053

10 Debtors

	1997 £	1996 £
Amounts owed by parent and fellow subsidiary undertakings	583,950	583,950

All debtors fall due within one year.

LONDON AND HOME COUNTIES SUPERSTORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

11 Creditors : amounts falling due within one year	1997	1996
	£	£
Amounts owed to parent and fellow subsidiary undertakings	40,731	80,600
Corporation tax	52,210	122,441
	92,941	203,041
12 Share capital	1997	1996
	£	£
Authorised, allotted, called up and fully paid		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
13 Statement of movement on reserves		
		Profit and loss account £
Balance at 29 September 1996		(19,922)
Retained profit for the period		78,426
Balance at 27 September 1997		58,504
14 Reconciliation of movements in shareholders' funds	1997	1996
	£	£
Profit for the financial period	78,426	211,368
Opening shareholders' funds	980,078	768,710
Closing shareholders' funds	1,058,504	980,078
15 Contingent liabilities	1997	1996
	£	£
Amount of guarantees of bank overdrafts and loans of group undertakings	3,508,524	2,857,154

LONDON AND HOME COUNTIES SUPERSTORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

16 Financial commitments

At 27 September 1997 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1997	1996
	£	£
Expiry date:		
In over five years	379,670	379,670

17 Directors' interests

A management charge is payable to the following entities in which the stated directors have interests:

	1997	1996
	£	£
Crispins Food and Wine (J M Patel)	71,297	73,503
Colorama Associates (M M Patel and N M Patel)	59,025	60,138
	130,322	133,641

18 Employees

Number of employees

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

	1997	1996
	Number	Number
Administration	3	3
Shop assistants	100	120
	103	123

Employment costs

	£	£
Wages and salaries	1,272,083	1,255,891
Social security costs	81,415	84,845
	1,353,498	1,340,736

LONDON AND HOME COUNTIES SUPERSTORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

19 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Food and Wine Lovers Limited, a company incorporated in England. Group financial statements are not prepared by this company.

The ultimate parent undertaking for which group financial statements are drawn up and of which the company is a member is Adminstore Limited, incorporated in England, which the directors regard as being the ultimate parent company.

Copies of the group financial statements are available to the public from Companies House, Crown Way, Cardiff, CF4 3UZ.

There is no ultimate controlling party.

20 Related party transactions

The company has taken advantage of the exemption afforded by Financial Reporting Standard 8 from disclosing transactions with related parties that are part of the Adminstore Limited group.