

MEGASTOP LIMITED

Company No: 2791133

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FINANCIAL STATEMENTS

- for the year ended -

28 FEBRUARY 1997

CHOTAI & CO
Chartered Accountants
Finance House
34 Railway Approach, Harrow
Middlesex HA3 5AA.

Reference MMC/M2



MEGASTOP LIMITED

DIRECTOR

Mrs Ramilaben Nayee

SECRETARY

Jayantilal Varma

BUSINESS ADDRESS

229 Three Bridges Road
Three Bridges
Crawley
West Sussex. RH10 1LG

REGISTERED OFFICE

Finance House
34 Railway Approach
Station Road
Harrow. Middlesex. HA3 5AA.

AUDITORS

Chotai & Co
Chartered Accountants
Finance House
34 Railway Approach
Harrow
Middlesex HA3 5AA.

PRINCIPAL BANKERS

Lloyds Bank plc
Crawley
West Sussex
RH10 1LG

MEGASTOP LIMITED

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MEGASTOP LIMITED

REPORT OF THE DIRECTOR

The director presents her report and the audited financial statements for the year ended 28 February 1997.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of newsagents and general stores.

Both the level of business and the year end financial position were as expected in the light of current trading conditions. The director does not anticipate any material changes in the present level of activity.

DIVIDEND AND TRANSFER TO RESERVES

The director does not recommend payment of a dividend.

It is proposed that the retained profit of £1,643 is transferred to reserves.

FIXED ASSETS

Full disclosure of all matters relating to fixed assets is set out in the notes to the financial statements.

DIRECTOR AND HER INTERESTS

The director at the balance sheet date and her interests in the company at that date and at the beginning of the year were as follows:

	<u>Class of share</u>	<u>Number of shares</u>	
		<u>1997</u>	<u>1996</u>
Mrs Ramilaben Nayee	Ordinary shares	99	99

DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable her to ensure that the financial statements comply with the Companies Act 1985. She is 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.

CLOSE COMPANY

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

MEGASTOP LIMITED

REPORT OF THE DIRECTOR (Continued)

AUDITORS

The auditors, Chotai & Co, Chartered Accountants, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

Date: 15-12-1997

By Order of the Board


Secretary

MEGASTOP LIMITED

AUDITORS' REPORT

AUDITORS' REPORT TO THE SHAREHOLDERS OF MEGASTOP LIMITED

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 in note 1 to the financial statements.

Respective responsibilities of the director and auditors

As described on the Director's Report the company director is 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 director 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 full financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 28 February 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

.....
Choti & Co.
Chartered Accountants
Registered Auditors

Date: 15-12-1997

Finance House
34 Railway Approach
Harrow
Middlesex HA3 5AA.

MEGASTOP LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28 FEBRUARY 1997**

	Notes	1997 £	1996 £
TURNOVER		228,089	228,869
Cost of sales		(186,679)	(187,213)
GROSS PROFIT		41,410	41,656
Administrative expenses		(37,280)	(30,232)
OPERATING PROFIT	2	4,130	11,424
Interest payable	3	(152)	(4,763)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,978	6,661
Tax on profit on ordinary activities	5	(2,335)	(2,800)
PROFIT FOR THE FINANCIAL YEAR	14	1,643	3,861

None of the company's activities were acquired or discontinued during the above two financial years.

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 7 to 13 form part of these financial statements.

MEGASTOP LIMITED**BALANCE SHEET AT 28 FEBRUARY 1997**

	Notes	£	1997 £	£	1996 £	£
FIXED ASSETS						
Intangible assets	6		8,000		12,000	
Tangible assets	7		9,250		13,875	
			<u>17,250</u>		<u>25,875</u>	
CURRENT ASSETS						
Stocks	8	20,164		20,220		
Debtors	9	967		386		
Cash at bank and in hand		635		234		
		<u>21,766</u>		<u>20,840</u>		
CREDITORS: Amounts falling due within one year	10	(20,806)		(17,648)		
NET CURRENT ASSETS			<u>960</u>		<u>3,192</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			18,210		29,067	
CREDITORS: Amounts falling due after more than one year	11		(11,221)		(23,721)	
			<u>6,989</u>		<u>5,346</u>	
CAPITAL AND RESERVES						
Called up share capital	13		100		100	
Profit and loss account	14		6,889		5,246	
			<u>6,989</u>		<u>5,346</u>	

The financial statements were approved by the board on 18-12-1997 and signed on its behalf by

Ramilee

Mrs Ramilaben Nayee

Director

The notes on pages 7 to 13 form part of these financial statements.

MEGASTOP LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 1997**

	Notes	£	1997 £	£	1996 £	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	16		13,976		9,722	
Return on investments and servicing of finance:						
Interest paid		(152)		(4,763)		
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(152)		(4,763)	
Taxation:						
Corporation tax paid		(1,644)		-		
TAX PAID			(1,644)		-	
Investing activities:						
Purchase of tangible fixed assets		-		(2,500)		
NET CASHFLOW FROM INVESTING ACTIVITIES			-		(2,500)	
NET CASH INFLOW BEFORE FINANCING			12,180		2,459	
Financing:						
Repayment of other long term loans		12,500		5,160		
NET CASH OUTFLOW FROM FINANCING	18		12,500		5,160	
DECREASE IN CASH AND CASH EQUIVALENTS	17		(320)		(2,701)	
			12,180		2,459	

The notes on pages 7 to 13 form part of these financial statements.

MEGASTOP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 1997

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

1.2 TURNOVER

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

1.3 GOODWILL

The company's policy is to write off goodwill evenly over its estimated life of five years.

1.4 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:-

Fixtures and fittings	20%	Straight line
Motor vehicles	25%	Straight line

1.5 STOCKS

Stocks are valued at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

1.6 DEFERRED TAXATION

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

1.7 LEASING AND HIRE PURCHASE

Rentals payable under operating leases are taken to the profit and loss account on a straight line basis over the lease term.

2. OPERATING PROFIT

The operating profit is stated after charging:

	1997 £	1996 £
Depreciation	4,625	4,625
Amortisation of goodwill	4,000	4,000
Auditors' remuneration	2,059	1,800
Operating lease rentals:		
Land and buildings	3,500	3,500

MEGASTOP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 1997**

3. INTEREST PAYABLE	1997	1996
	£	£
On bank loans and overdrafts and on loans repayable in full within five years	2	-
On other interest	-	4,763
On overdue tax	150	-
	<u>152</u>	<u>4,763</u>
	<u><u>152</u></u>	<u><u>4,763</u></u>
 4. DIRECTOR AND EMPLOYEES	 1997	 1996
	£	£
Staff costs:		
Wages and salaries	9,600	8,800
Social security costs	289	264
	<u>9,889</u>	<u>9,064</u>
	<u><u>9,889</u></u>	<u><u>9,064</u></u>
 The average weekly number of employees during the year was made up as follows:	 Number	 Number
Retail sales	2	2
Administrative	2	2
	<u>4</u>	<u>4</u>
	<u><u>4</u></u>	<u><u>4</u></u>
 The Director's remuneration fell within the following range:	 Number	 Number
£Nil - £5,000	1	1
	<u>1</u>	<u>1</u>
	<u><u>1</u></u>	<u><u>1</u></u>
 5. TAX ON PROFIT ON ORDINARY ACTIVITIES	 1997	 1996
	£	£
The taxation charge based on the profit before tax comprises:		
U.K. corporation tax at 24% (1996 - 25%)	2,335	2,800
	<u>2,335</u>	<u>2,800</u>
	<u><u>2,335</u></u>	<u><u>2,800</u></u>

MEGASTOP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 1997

6. INTANGIBLE ASSETS

	At start of year £	Additions £	At end of year £
<u>Cost</u>			
Goodwill	20,000	-	20,000
	<u>20,000</u>	<u>-</u>	<u>20,000</u>
	At start of year £	Charge for year £	At end of year £
<u>Amortisation</u>			
Goodwill	8,000	4,000	12,000
	<u>8,000</u>	<u>4,000</u>	<u>12,000</u>
<u>Net book value</u>	<u>12,000</u>		<u>8,000</u>

7. TANGIBLE ASSETS

<u>Cost</u>	Beginning of year £	Additions £	End of year £
Fixtures and fittings	20,000	-	20,000
Motor vehicles	2,500	-	2,500
	<u>22,500</u>	<u>-</u>	<u>22,500</u>
<u>Depreciation</u>	Beginning of year £	Charge for year £	End of year £
Fixtures and fittings	8,000	4,000	12,000
Motor vehicles	625	625	1,250
	<u>8,625</u>	<u>4,625</u>	<u>13,250</u>
<u>Total net book values</u>	Beginning of year £		End of year £
	<u>13,875</u>		<u>9,250</u>

MEGASTOP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 1997**

8.	STOCKS	1997 £	1996 £
	Finished goods and goods for resale	20,164	20,220
9.	DEBTORS	1997 £	1996 £
	Other debtors	500	94
	Prepayments and accrued income	467	292
		967	386
10.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1997 £	1996 £
	Bank loans and overdrafts	9,471	8,750
	Trade creditors	2,633	-
	Corporation tax	5,291	4,600
	Other taxes and social security costs	78	-
	Accruals and deferred income	3,333	4,298
		20,806	17,648
11.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1997 £	1996 £
	Loans	11,221	23,721
		11,221	23,721

MEGASTOP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 1997

12. BORROWINGS	1997	1996
	£	£
<u>The company's borrowings are repayable as follows:</u>		
In one year, or less or on demand	9,471	8,750
Between one and two years	11,221	10,000
Between two and five years	-	13,721
	<u>20,692</u>	<u>32,471</u>
 <u>Details of security:</u>		
The loans are secured by a legal charge on the company's assets.		
13. SHARE CAPITAL	1997	1996
	£	£
<u>Authorised</u>		
Equity interests:		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
 <u>Allotted, called up and fully paid</u>		
Equity interests:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
14. PROFIT AND LOSS ACCOUNT	1997	1996
	£	£
Retained profits at 1 March 1996	5,246	1,385
Profit for the financial year	1,643	3,861
Retained profits at 28 February 1997	<u>6,889</u>	<u>5,246</u>

MEGASTOP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 1997****15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1997 £	1996 £
Profit for the financial year	1,643	3,861
Shareholders' funds at 1 March 1996	5,346	1,485
Shareholders' funds at 28 February 1997	<u>6,989</u>	<u>5,346</u>
Represented by:-		
Equity interests	<u>6,989</u>	<u>5,346</u>
	<u>6,989</u>	<u>5,346</u>

16. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1997 £	1996 £
Operating profit	4,130	11,424
Depreciation	8,625	8,625
Decrease in stocks	56	(9,985)
Increase in debtors	(581)	359
Increase in creditors due within one year	1,746	(701)
	<u>13,976</u>	<u>9,722</u>

17. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	1997 £	1996 £
Cash at bank and in hand at 1 March 1996	234	2,685
Cash at bank and in hand at 28 February 1997	635	234
Net movement	<u>401</u>	<u>(2,451)</u>
Bank overdraft at 1 March 1996	(250)	-
Bank overdraft at 28 February 1997	(971)	(250)
Net movement	<u>(721)</u>	<u>(250)</u>
Total net movements	<u>(320)</u>	<u>(2,701)</u>

MEGASTOP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 1997

18. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	1997 £	1996 £
Share capital at 1 March 1996	100	100
Share capital at 28 February 1997	100	100
	1997 £	1996 £
Loans at 1 March 1996	23,721	37,381
Cash outflow from financing	(12,500)	(5,160)
Loans at 28 February 1997	11,221	32,221

19. REVENUE COMMITMENTS

The amounts payable in the next year in respect of operating leases are shown below, analysed according to the expiry date of the leases.

<u>Land and buildings</u>	1997 £	1996 £
Expiry date:		
After five years	3,500	3,500
	3,500	3,500