

COMPANY NUMBER: 3196005

KAN'S & KANDY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MAY 1999



RAZAK & CO
CHARTERED CERTIFIED ACCOUNTANTS
6 HUTTON TERRACE
JESMOND
NEWCASTLE UPON TYNE
NE2 1QT

KAN'S & KANDY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 1999

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KAN'S & KANDY LIMITED
REPORT OF THE DIRECTORS
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 1999

The directors have pleasure in enclosing their financial statements for the year ended 31 May 1999.

Principal activities

The principal activities of the company throughout the period were those of wholesaling short code beverages and confectionary.

Post Balance Sheet Events.

The company moved premises after the year end to its current address where it has commenced a retail operation in conjunction with the existing wholesale operation.

Directors and their interests

The directors who served the company throughout the period together with their interests (including family interests) in the shares of the company at the beginning and end of the period, were as follows:-

Ordinary shares of £1 each		
	31 May 1999	At beginning of Period
M Razaq	2	2
J Iqbal	2	2
	----	----
	4	4
	===	===

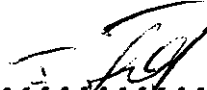
Auditors

Razak & Company have indicated their willingness to continue in office and in accordance with provisions of the Companies Act it is proposed that they be re-appointed auditors to the company for the ensuing year.

Small company rules

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities. (Effective March 1999)

By Order of the Board

.....

J IQBAL
DIRECTOR

271-291 Two Ball Lonnen
Fenham, Newcastle Upon Tyne
NE4 9FL

Dated: 27/04/00 .

KAN'S & KANDY LIMITED

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 1999

Statement of 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; and prepare the financial statements on a going concern basis unless it is inappropriate to assume 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 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.

Auditors' Report to the Members of Kan's and Kandy Limited

We have audited the financial statements on pages 4 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described above, the company's directors are responsible for the preparation of the 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

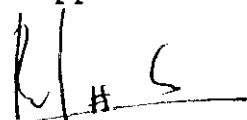
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence, relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

Cont/

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,

Opinion

In our opinion the financial statements give a true and fair view of the company's affairs as at 31 May 1999 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies. (Effective March 1999)


.....

6 Hutton Terrace
Jesmond
Newcastle upon Tyne
NE2 1QT

RAZAK & CO
CHARTERED CERTIFIED
ACCOUNTANTS
REGISTERED AUDITORS

Dated: 28/04/00

KAN'S & KANDY LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 1999**

		£	£
	NOTES	1999	1998
<u>TURNOVER</u>	(2)	1,145,972	1,303,698
Cost of Sales		1,088,770	1,249,138
		-----	-----
<u>GROSS PROFIT</u>		57,202	54,560
Net operating expenses	(3)	31,190	34,561
		-----	-----
<u>OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</u>	(4)	26,012	19,999
Interest payable and Similar Charges		7,981	5,277
		-----	-----
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		18,031	14,722
Taxation	(5)	2,459	2,976
		-----	-----
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION & RETAINED PROFIT FOR THE FINANCIAL YEAR</u>	(6)	15,572	11,746
		=====	=====

KAN'S & KANDY LIMITED
BALANCE SHEET AS AT 31 MAY 1999

	NOTES	£ 1999	£ 1998
<u>FIXED ASSETS</u>			
Tangible assets	(7)	141,996	68,045
		<u>141,996</u>	<u>68,045</u>
<u>CURRENT ASSETS</u>			
Stock	(8)	113,277	90,376
Debtors	(9)	148,314	124,971
Cash in Hand		13,425	15,178
		<u>275,016</u>	<u>230,525</u>
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>			
	(10)	293,609	220,412
<u>NET CURRENT ASSETS/(LIABILITIES)</u>			
		<u>(18,593)</u>	<u>10,113</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			
		123,403	78,158
<u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>			
	(11)	50,780	21,107
<u>NET ASSETS</u>			
		<u>72,623</u>	<u>57,051</u>
<u>CAPITAL & RESERVES</u>			
Called up share capital			
- equity interests	(15)	4	4
Profit and loss account	(6)	72,619	57,047
		<u>72,623</u>	<u>57,051</u>
		<u>72,623</u>	<u>57,051</u>

KAN'S & KANDY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 1999

These accounts have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities. (Effective March 1999)

Approved by the Board on 27/04/99

..... J. Iobal

J IOBAL
DIRECTOR

KAN'S & KANDY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MAY 1999

1. ACCOUNTING POLICIES

(a) Accounting basis and standards

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

(b) Depreciation

Depreciation on fixed assets is provided at rates estimated to write off the cost or revalued amounts, less estimated residual value, of each asset over its expected useful life as follows:-

Long Lease Property :	Straight Line Over Period of Lease
Fixtures & Fittings:	15% reducing balance
Motor Vehicles:	25% reducing balance - except those vehicles valued over £12,000 whose depreciation is restricted to £3,000. p.a.

(c) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition.

(d) Turnover

Turnover represents the invoiced value of goods sold net of value added tax.

(e) Deferred taxation

Deferred taxation is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

2. Turnover

The company's entire turnover is derived from supplying geographical markets within the United Kingdom.

KAN'S & KANDY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MAY 1999 CONT.....

3. NET OPERATING EXPENSES

	1999	1998
	All Continuing Operations	All Continuing Operations
	Total £	Total £
Turnover	1,145,972	1,303,698
	=====	=====
Cost of Sales	1,088,770	1,249,138
	=====	=====
Net operating expenses:		
Distribution costs	-	-
Administrative expenses	31,190	34,561
	-----	-----
	31,190	34,561
	=====	=====
Operating profit	26,012	19,999
	=====	=====

4. OPERATING PROFIT

	£	£
The operating profit is stated after charging:		
Auditors' remuneration	2,300	2,250
Depreciation:		
Owned tangible fixed assets	10,587	3,914

KAN'S AND KANDY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MAY 1999 CONT.....

5. TAXATION

	1999 £	1998 £
Corporation tax based on the results for the year at the rate of 21% FY1998 & 20% FY1999	3,536	2,976
over provision in previous year.	(1,077)	-
	=====	=====

6. RESERVES

	<u>Profit & Loss Account</u>	<u>Total</u>
Balance at 01 June 1998	57,047	57,047
Transfer From Profit & Loss Account	15,572	15,572
	-----	-----
Balance at 31 May 1999	72,619	72,619
	=====	=====

There were no movements in reserves in the previous year other than those shown on the face of Profit & Loss Account.

7. TANGIBLE ASSETS

	<u>LONG LEASEHOLD PREMISES (INC LEGALS)</u>	<u>FIXTURES FITTINGS & EQUIPMENT</u>	<u>MOTOR VEHICLES</u>	<u>TOTAL</u>
<u>AT COST</u>				
As at 1/6/98	54,080	11,660	7,350	73,090
Additions	-	9,198	75,340	84,538
	-----	-----	-----	-----
As at 31/5/99	54,080	20,858	82,690	157,628
	-----	-----	-----	-----
<u>DEPRECIATION</u>				
As at 1/6/98	864	2,343	1,838	5,045
Charge For Year	432	2,777	7,378	10,587
	-----	-----	-----	-----
As at 31/5/99	1,296	5,120	9,216	15,632
	-----	-----	-----	-----
<u>NET BOOK VALUE</u>				
At 31/5/99	52,784	15,738	73,474	141,996
	=====	=====	=====	=====
At 31/5/98	53,648	9,317	5,512	68,045
	=====	=====	=====	=====

The leasehold period for the premises is for 125 years from 1 August 1996.

Additions to Motor Vehicles two Jaguar Company Cars.

KAN'S & KANDY LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MAY 1999 CONT.....

8. STOCKS

Stated at the lower of cost or net realisable value if appropriate.

	1999	1998
	£	£
Stocks	113,277	90,376
	=====	=====

9. DEBTORS

Trade debtors	146,857	123,129
Sundry Prepayments	1,457	1,842
	-----	-----
	148,314	124,971
	=====	=====

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£	£
Bank Overdraft - Barclays Bank Plc	79,671	30,094
Commercial Mortgage - Barclays Bank Plc	6,000	6,000
Trade Creditors	163,088	149,081
Other Creditors & Accruals	8,749	4,051
Corporation Tax	19,629	17,170
HM Customs & Excise - Value Added Tax	1,472	14,016
Lombard HP Accounts	15,000	-
	-----	-----
	293,609	220,412
	=====	=====

11. CREDITORS: AMOUNTS FALLING DUE AFTER
MORE THAN ONE YEAR

	£	£
Commercial Mortgage - Barclays Bank Plc	6,197	19,111
Lombard Hire Purchase	36,250	-
Directors Loan Accounts	8,333	1,996
	-----	-----
	50,780	31,915
	=====	=====

Directors loans are interest free and not repayable over any fixed period.

KAN'S & KANDY LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MAY 1999 CONT.....

11. Cont.....

	1999	1998
	£	£
Barclays Commercial Mortgage & Hire Purchase Accounts	42,447	19,111
Amounts repayable by instalments:		
Between one and two years (Approx.)	21,197	8,000
Between two and five years (Approx.)	21,250	11,111
	42,447	19,111
	=====	=====

12. PROVISION FOR LIABILITIES AND CHARGES

Provision for deferred taxation has been made in these financial statements in accordance with the accounting policy described in Note 1 (E).

The amounts provided and the full liability are as follows:-

	Amount Provided		Potential Liability	
	£		£	
	1999	1998	1999	1998
Accelerated capital allowances	-	-	587	304
	-----	-----	-----	-----

13. CONTINGENT LIABILITIES

The Barclays Bank Plc Commercial Mortgage is secured by way, of charge on the Leasehold premises at 320F Mayoral Way, Team Valley Trading Estate, Gateshead.

14. DIRECTORS INTEREST IN TRANSACTIONS

(a) Mr M Razag

The above is a partner of Drugstop at 4 Sea Road, Sunderland who purchased £41,194 Ex VAT (£8,853) of goods under normal terms and conditions during the year.

b) Mr J Iqbal

Mr J Iqbal was a partner with his wife in Drugstop Two, 10 St Lukes Terrace, Pallion. These businesses purchased goods on normal commercial terms to the value of £54,382 Ex VAT (£44,871).

15. CALLED UP SHARE CAPITAL

	1999	1998
	£	£
Authorised 1,000 shares of £1 each	1,000	1,000
Called Up Allotted & Fully paid		
4 Shares of £1 each	4	4
	-----	-----

KAN'S & KANDY LIMITED
MANAGEMENT INFORMATION
BASED UPON FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MAY 1999

KAN'S & KANDY LIMITED**DRAFT TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31 MAY 1999**

	1999 £	1998 £
<u>SALES</u>	1,145,972	1,303,698
<u>LESS: COST OF SALES</u>		
Opening Stock	90,376	36,471
Purchases	1,111,671	1,303,043
Closing Stock	(113,277)	(90,376)
	1,088,770	1,249,138
<u>GROSS PROFIT</u>	57,202	54,560
<u>LESS: EXPENSES</u>		
Directors Remuneration	2,000	-
Accountancy Services & Audit	3,600	3,200
Bad Debts	-	7,934
Bank Charges	3,377	3,535
Cleaning	382	278
Ground Rent & Ancillary Services	804	1,102
Heat, Light & Power	489	1,417
Insurances	1,585	1,410
Post, Printing & Stationery	1,671	790
Repairs & Renewals	361	754
Telephone	762	1,448
General Expenses	88	80
Depreciation	10,587	3,914
Charitable Donations	350	-
Legal & Professional (Planning & Valuation Fees)	881	1,377
Rates	2,953	4,410
Wages	1,190	2,912
Sundries	110	-
	31,190	34,561
<u>PROFIT BEFORE FINANCE COSTS</u>	26,012	19,999
<u>BANK INTEREST</u>	4,026	2,424
<u>HIRE PURCHASE INTEREST</u>	1,905	-
<u>MORTGAGE INTEREST</u>	2,050	2,853
	7,981	5,277
<u>PROFIT RETAINED TO RESERVES</u>	18,031	14,722