

COMPANY NUMBER: 3196005

KAN'S & KANDY LIMITED  
AUDITED FINANCIAL STATEMENTS FOR THE  
PERIOD ENDED 31 MAY 1997



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

KAN'S & KANDY LIMITED  
REPORT OF THE DIRECTORS  
AUDITED FINANCIAL STATEMENTS PERIOD ENDED 31 MAY 1997

The directors have pleasure in enclosing their first financial statements for the period of 8 May 1996 to 31 May 1997.

Principal activities

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

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 period, were as follows:

Ordinary shares of £1 each

	31 May 1997	At beginning of Period 8/5/96
Instant Companies Ltd (Resigned 28/5/96)		1
M Ishaq (From 28/5/96)	1	1
M Razaq (From 28/5/96)	1	
J Iqbal (From 28/5/96)	2	
	---	---
	4	2
	===	===

Donations

The company made various charitable donations during the period totalling £750.

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.

By Order of the Board

.....  
M RAZAQ  
DIRECTOR

320F Mayoral Way  
Team Valley Trading Estate  
Gateshead  
Dated:

And for the

Rask & Company  
Office and in accordance with the  
is proposed that they be appointed as  
the ensuing year

Small company

These accounts have been  
about the same as

of the same kind

is

of the same kind

of the same kind

of the same kind

KAN'S & KANDY LIMITED

AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 1997

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 & Kandy Limited

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical convention and the accounting policies set out on pages 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.

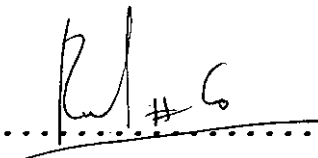
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We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material 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 1997 and of its profit for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

6 Hutton Terrace  
Jesmond  
Newcastle upon Tyne  
NE2 1QT

  
.....  
RAZAK & CO  
CHARTERED CERTIFIED  
ACCOUNTANTS  
REGISTERED AUDITORS

Dated: 26/8/98

KAN'S & KANDY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD 8 MAY 1996 TO 31 MAY 1997

		£
	NOTES	1997
<u>TURNOVER</u>	(2)	922,057
Cost of sales		846,792
		-----
<u>GROSS PROFIT</u>		75,265
Net operating expenses	(3)	13,117
		-----
<u>OPERATING PROFIT</u> <u>AND PROFIT ON</u> <u>ORDINARY</u> <u>ACTIVITIES BEFORE</u> <u>INTEREST</u>	(4)	62,148
Interest payable and similar charges		2,653
		-----
<u>PROFIT ON ORDINARY</u> <u>ACTIVITIES BEFORE</u> <u>TAXATION</u>		59,495
Taxation	(5)	14,194
		-----
<u>PROFIT ON ORDINARY</u> <u>ACTIVITIES AFTER</u> <u>TAXATION &amp; RETAINED</u> <u>PROFIT FOR THE</u> <u>FINANCIAL YEAR</u>	(6)	45,301
		=====

There are no recognised gains and losses in the period other than the profit for the period.

KAN'S & KANDY LIMITED  
BALANCE SHEET AT 31 MAY 1997

	NOTES	£
		1997
<u>FIXED ASSETS</u>		
Tangible assets	(7)	57,609
		-----
		57,609
		-----
<u>CURRENT ASSETS</u>		
Stock	(8)	36,471
Debtors	(9)	89,767
Cash in Hand		5,913
		-----
		132,151
		-----
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	(10)	112,540
		-----
<u>NET CURRENT ASSETS</u>		19,611
		-----
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		77,220
<u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>	(11)	31,915
		-----
<u>NET ASSETS</u>		45,305
		=====
<u>CAPITAL &amp; RESERVES</u>		
Called up share capital		
- equity interests	(6)	4
Profit and loss		
account	(6)	45,301
		-----
		45,305
		=====

KAN'S & KANDY LIMITED

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 1997

These accounts have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

Approved by the Board on .....25/8/98.....

.....

M RAZAQ  
DIRECTOR



KAN'S & KANDY LIMITED  
NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED  
31 MAY 1997

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

(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 PERIOD ENDED  
31 MAY 1997 CONT.....

3. NET OPERATING EXPENSES

	1997
	All Continuing Operations
	Total £
Turnover	922,057
	=====
Cost of sales	846,792
	=====
Net operating expenses:	
Distribution costs	445
Administrative expenses	12,672
	-----
	13,117
	=====
Operating profit	62,148
	=====

4. OPERATING PROFIT

	£
The operating profit is stated after charging:	
Auditors' remuneration	2,240
Depreciation:	
Owned tangible fixed assets	1,131

KAN'S & KANDY LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED

31 MAY 1997 CONT.....

5. TAXATION

Corporation tax based on the results for  
the year at the rate of 24% FY1996 &  
21% FY1997

14,194

=====

6. SHAREHOLDERS' FUNDS

	<u>Called up Share Capital</u>	<u>Profit &amp; Loss Account</u>	<u>Total</u>
	£	£	£
Ordinary Shares - Issued & Fully Paid Up	4	-	4
Transferred from Profit & Loss Account	-	45,301	45,301
	4	45,301	45,305
	=====		

The authorised share capital comprises:

Authorised ordinary shares of £1 each	1,000	£1,000
	=====	=====

Called up, allotted and fully paid:

4 ordinary shares of £1 each	4	£4
	=====	=====

KAN'S & KANDY LIMITED  
NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED  
31 MAY 1997 CONT.....

7. TANGIBLE ASSETS

	<u>LONG LEASEHOLD PREMISES (INC LEGALS)</u>	<u>FIXTURES, &amp; FITTINGS &amp; EQUIPMENT</u>	<u>TOTAL</u>
<u>Cost</u>			
Additions	54,080	4,660	58,740
As at 31/5/97	54,080	4,660	58,740
<u>DEPRECIATION</u>			
Charge For Year	432	699	1,131
As at 31/5/97	432	699	1,131
<u>NET BOOK VALUE</u>	53,648	3,961	57,609
At 31/5/97	=====	=====	=====

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

KAN'S & KANDY LIMITED  
NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED  
31 MAY 1997 CONT.....

8. STOCKS

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

	1997
	£
Stocks	36,471
	=====

9. DEBTORS

Trade debtors	83,946
Others - HM Customs & Excise	
Value Added Tax	5,458
Sundry Prepayments	363
	-----
	89,767
	=====

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Bank Overdraft - Barclays Bank Plc	19,098
Commercial Mortgage - Barclays Bank Plc	4,200
Trade creditors	72,397
Other creditors & accruals	2,651
Corporation Tax	14,194
	-----
	112,540
	=====

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

	£
Commercial Mortgage - Barclays Bank Plc	26,919
Directors Loan Accounts	4,996
	-----
	31,915
	=====

KAN'S & KANDY LIMITED  
NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED  
31 MAY 1997 CONT.....

11. cont....

	1997
Barclays Commercial Mortgage	26,919
	-----
Amounts repayable by instalments:	
Between one and two years (approx.)	6,000
Between two and five years (approx.)	20,919
	-----
	26,919
	=====

12. PROVISIONS 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 £
Accelerated capital allowances	-	221

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 Ishaq & Mr M Razaq

Are directors of American Foods Inc (UK) Ltd who purchased £60 (£51 ex vat) of goods under normal terms and conditions during the period.

b) Mr M Ishaq & Mr M Razaq

Are partners of Drugstop at 4 Sea Road, Sunderland who purchased £50,682 (43,210 ex vat) of goods under normal terms and conditions during the period.

Drugstop also sold goods to the value of £8,405 (£7,152 ex vat) to Kan's & Kandy during the period.

KAN'S & KANDY LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED

31 MAY 1997 CONT.....

c) Mr J Iqbal

Mr J Iqbal was a partner with his wife in Jed's Foodstore, 20-22 Forrest Hall Road, Newcastle who purchased £72,945 (£62,164 ex vat) of goods under normal terms and conditions during the period.

KAN'S & KANDY LIMITED  
MANAGEMENT INFORMATION  
BASED UPON FINANCIAL STATEMENTS  
FOR THE PERIOD 8 MAY 1996  
TO 31 MAY 1997



KAN'S & KANDY LIMITED  
TRADING AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED  
31 MAY 1997

	1997
	£
<u>SALES</u>	922,057
	-----
<u>LESS: COST OF SALES</u>	
Purchases	883,263
Closing Stock	36,471
	-----
	846,792
	-----
<u>GROSS PROFIT</u>	75,265
	-----
<u>LESS: EXPENSES</u>	
Accountancy Services & Audit	3,240
Bank Charges	607
Cleaning	106
Ground Rent & Ancillary Services	2,515
Heat , Light & Power	1,318
Insurances	1,214
Post, Printing & Stationery	667
Repairs & Renewals	565
Telephone	519
Transportation Costs	445
General Expenses	40
Depreciation	1,131
Charitable Donations	750
	-----
	13,117
	-----
<u>PROFIT BEFORE FINANCE COSTS</u>	62,148
	-----
<u>BANK INTEREST</u>	18
	-----
<u>MORTGAGE INTEREST</u>	2,635
	-----
	2,653
	-----
<u>PROFIT RETAINED TO RESERVES</u>	59,495
	=====