

BUYBEST LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2003



BUYBEST LIMITED

COMPANY INFORMATION

Directors

Sir Mohammed Anwar Pervez
Zameer Mohammed Choudrey
Rizwan Pervez

Secretary

Zameer Mohammed Choudrey

Company number

2104942

Registered office

2 Bloomsbury Street
London
WC1B 3ST

Auditors

Simmons Gainsford LLP
7/10 Chandos Street
Cavendish Square
London
W1G 9DQ

BUYBEST LIMITED

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BUYBEST LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2003

The directors present their report and financial statements for the year ended 31 August 2003.

Principal activities and review of the business

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

The directors are disappointed with the results for the year.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend the payment of a dividend.

Directors

The following directors have held office since 1 September 2002:

Sir Mohammed Anwar Pervez
Zameer Mohammed Choudrey
Rizwan Pervez

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 August 2003	1 September 2002
Sir Mohammed Anwar Pervez	15	15
Zameer Mohammed Choudrey	55	55
Rizwan Pervez	15	15

Charitable donations	2003	2002
	£	£

During the year the company made the following payments:

Charitable donations	10,000	10,600
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Auditors

The company's auditors, Simmons Gainsford, have incorporated and now are now called Simmons Gainsford LLP. In accordance with section 385 of the Companies Act 1985, a resolution proposing that Simmons Gainsford LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

BUYBEST LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

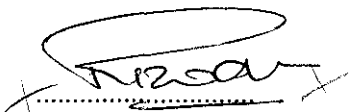
Directors' responsibilities

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;
- 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.

On behalf of the board



Rizwan Pervez

Director

28/6/04

BUYBEST LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BUYBEST LIMITED

We have audited the financial statements of Buybest Limited on pages 4 to 14 for the year ended 31 August 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Simmons Gainsford LLP

29 June 2004

Chartered Accountants
Registered Auditor

7/10 Chandos Street
Cavendish Square
London
W1G 9DQ

BUYBEST LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2003

	Notes	2003 £	2002 £
Turnover	2	5,456,872	5,341,730
Cost of sales		(4,037,340)	(4,066,849)
Gross profit		1,419,532	1,274,881
Administrative expenses		(1,590,766)	(1,553,083)
Other operating income		51,764	86,327
Operating loss	3	(119,470)	(191,875)
Other interest receivable and similar income	4	17,994	19,861
Interest payable and similar charges	5	-	(530)
Loss on ordinary activities before taxation		(101,476)	(172,544)
Tax on loss on ordinary activities	6	9,128	(8,515)
Loss on ordinary activities after taxation	13	(92,348)	(181,059)

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

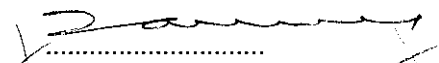
There are no recognised gains and losses other than those passing through the profit and loss account.

BUYBEST LIMITED

BALANCE SHEET AS AT 31 AUGUST 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	7	1,179,078		1,240,917	
Current assets					
Stocks	8	237,668		254,638	
Debtors	9	95,013		164,315	
Cash at bank and in hand		531,778		928,804	
		<u>864,459</u>		<u>1,347,757</u>	
Creditors: amounts falling due within one year	10	<u>(830,105)</u>		<u>(1,272,609)</u>	
Net current assets			34,354		75,148
Total assets less current liabilities			1,213,432		1,316,065
Provisions for liabilities and charges	11		-		(10,285)
			<u>1,213,432</u>		<u>1,305,780</u>
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account	13		1,213,332		1,305,680
Shareholders' funds - equity interests	14		<u>1,213,432</u>		<u>1,305,780</u>

The financial statements were approved by the Board on 28/6/04


Zameer Mohammed Choudrey
Director

BUYBEST LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2003

	£	2003 £	£	2002 £
Net cash outflow from operating activities		(327,745)		(98,962)
Returns on investments and servicing of finance				
Interest received	17,994		19,861	
Interest paid	-		(530)	
Net cash inflow for returns on investments and servicing of finance		17,994		19,331
Taxation		(1,157)		28,481
Capital expenditure				
Payments to acquire tangible assets	(41,091)		(95,552)	
Net cash outflow for capital expenditure		(41,091)		(95,552)
Net cash outflow before management of liquid resources and financing		(351,999)		(146,702)
Decrease in cash in the year		(351,999)		(146,702)

BUYBEST LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2003

1	Reconciliation of operating loss to net cash outflow from operating activities	2003		2002	
		£		£	
	Operating loss	(119,470)		(191,875)	
	Depreciation of tangible assets	94,566		59,695	
	Loss on disposal of tangible assets	8,364		-	
	Decrease in stocks	16,970		14,554	
	Decrease/(increase) in debtors	69,302		(67,724)	
	(Decrease)/Increase in creditors within one year	(397,477)		86,388	
	Net cash outflow from operating activities	(327,745)		(98,962)	
2	Analysis of net funds	1 September 2002	Cash flow	Other non-cash changes	31 August 2003
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	928,804	(397,026)	-	531,778
	Bank overdrafts	(372,235)	45,027	-	(327,208)
		556,569	(351,999)	-	204,570
	Net funds	556,569	(351,999)	-	204,570
3	Reconciliation of net cash flow to movement in net funds	2003		2002	
		£		£	
	Decrease in cash in the year	(351,999)		(146,702)	
	Movement in net funds in the year	(351,999)		(146,702)	
	Opening net funds	556,569		703,271	
	Closing net funds	204,570		556,569	

BUYBEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land 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:

Land and buildings Freehold	None
Land and buildings Leasehold	Over term of lease
Computer equipment	25% straight line
Fixtures, fittings & equipment	15% reducing balance
Motor vehicles	25% reducing balance

Freehold properties are maintained to ensure that their value does not diminish over time. The maintenance costs are charged to profit and loss in the year incurred. In the directors' opinion, depreciation would be immaterial and has not been charged.

1.4 Leasing

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

1.5 Stock

Stock is valued at the lower of cost and net realisable value.

1.6 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

2 Turnover

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

BUYBEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

3	Operating loss	2003	2002
		£	£
	Operating loss is stated after charging:		
	Depreciation of tangible assets	94,566	59,695
	Loss on disposal of tangible assets	8,364	-
	Operating lease rentals	438,659	429,341
	Auditors' remuneration	5,195	5,175
	and after crediting:		
	Rents receivable	46,824	59,700
		<u> </u>	<u> </u>
4	Investment income	2003	2002
		£	£
	Bank interest	17,994	19,861
		<u> </u>	<u> </u>
5	Interest payable	2003	2002
		£	£
	On bank loans and overdrafts	-	51
	Other interest	-	479
		<u> </u>	<u> </u>
		-	530
		<u> </u>	<u> </u>

BUYBEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

6	Taxation	2003 £	2002 £
	Domestic current year tax		
	Adjustment for prior years	1,157	-
	Current tax charge	1,157	-
	Deferred tax		
	Deferred tax charge/credit current year	(10,285)	8,515
		(9,128)	8,515
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	(101,476)	(172,544)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00% (2002: 0.00%)	-	-
	Effects of:		
	Adjustments to previous periods	1,157	-
	Current tax charge	1,157	-

The company has estimated losses of £ 150,176 (2002: £ 103,419) available for carry forward against future trading profits.

BUYBEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

7 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Computer equipment £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 September 2002	955,409	158,929	87,915	460,898	88,470	1,751,621
Additions	2,280	-	-	38,811	-	41,091
Disposals	-	-	-	-	(30,200)	(30,200)
At 31 August 2003	957,689	158,929	87,915	499,709	58,270	1,762,512
Depreciation						
At 1 September 2002	-	58,233	67,081	323,390	62,000	510,704
On disposals	-	-	-	-	(21,836)	(21,836)
Charge for the year	-	49,611	13,978	26,450	4,527	94,566
At 31 August 2003	-	107,844	81,059	349,840	44,691	583,434
Net book value						
At 31 August 2003	957,689	51,085	6,856	149,869	13,579	1,179,078
At 31 August 2002	955,409	100,696	20,834	137,508	26,470	1,240,917

8 Stocks	2003 £	2002 £
Goods for resale	237,668	254,638

9 Debtors	2003 £	2002 £
Trade debtors	-	3,297
Other debtors	30,730	54,696
Prepayments and accrued income	64,283	106,322
	95,013	164,315

BUYBEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

10 Creditors: amounts falling due within one year	2003 £	2002 £
Bank loans and overdrafts	327,208	372,235
Trade creditors	298,397	677,598
Taxes and social security costs	41,784	17,471
Other creditors	6,506	774
Accruals and deferred income	156,210	204,531
	<u>830,105</u>	<u>1,272,609</u>

11 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 September 2002	10,285
Profit and loss account	(10,285)
	<u>-</u>
Balance at 31 August 2003	<u>-</u>

Deferred taxation movements in the financial statements are as follows:

	2003 £	2002 £
Accelerated capital allowances	<u>-</u>	<u>10,285</u>

12 Share capital

	2003 £	2002 £
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

BUYBEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

13 Statement of movements on profit and loss account

Profit and
loss
account
£

Balance at 1 September 2002	1,305,680
Retained loss for the year	(92,348)
Balance at 31 August 2003	<u>1,213,332</u>

14 Reconciliation of movements in shareholders' funds

2003
£

2002
£

Loss for the financial year	(92,348)	(181,059)
Opening shareholders' funds	<u>1,305,780</u>	<u>1,486,839</u>
Closing shareholders' funds	<u>1,213,432</u>	<u>1,305,780</u>

15 Financial commitments

At 31 August 2003 the company had annual commitments under non-cancellable operating leases as follows:

Land and buildings
2003
£

2002
£

Expiry date:		
In over five years	<u>307,700</u>	<u>304,700</u>

16 Directors' emoluments

2003
£

2002
£

Emoluments for qualifying services	<u>(50,000)</u>	<u>81,227</u>
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Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	<u>-</u>	<u>66,667</u>
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BUYBEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2003

17 Employees

Number of employees

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

	2003 Number	2002 Number
Retailing and management	79	65

Employment costs

	£	£
Wages and salaries	759,220	743,159
Social security costs	55,176	53,477
	814,396	796,636

18 Control

The company is under the control of the director, Zameer Mohammed Choudrey, who is beneficially interested in 55% of the issued share capital.

19 Related party transactions

During the year, the company made purchases from Bestway Cash & Carry Limited of £2,625,867 (2002: £2,937,395).

Included in other debtors is an amount of £180 (2002: £18,264) due from Bestway Cash & Carry Limited and £nil (2002: £3,057) due from Bestway Stores. Sir Mohammed Anwar Pervez, Zameer Mohammed Choudrey and Rizwan Pervez are directors and shareholders of Bestway Cash & Carry Limited and are partners in Bestway Stores.