

Scholes (Chemists) Limited

DIRECTORS AND OFFICERS

DIRECTORS

A I Patel
Y I Patel
D S Caplan
S Wild

SECRETARY

A I Patel

COMPANY NUMBER

364450 (England and Wales)

REGISTERED OFFICE

109 North Road
Clayton
Manchester
M11 4NE

AUDITORS

Baker Tilly
Chartered Accountants
Brazennose House
Lincoln Square
Manchester
M2 5BL

Scholes (Chemists) Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Scholes (Chemists) Limited for the year ended 31 August 2000.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of retail dispensing chemists.

REVIEW OF THE BUSINESS

During the year the company acquired an additional three pharmacies.

The directors consider the results for the year to be satisfactory.

FUTURE DEVELOPMENTS

The directors will strive to improve turnover and profitability over the coming year through the continued expansion of the business by acquisition.

EVENTS SINCE THE BALANCE SHEET DATE

Since the year end the company has continued its expansion programme with the addition of a further nineteen pharmacies.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £907,364.

The directors do not recommend the payment of a dividend.

DIRECTORS

The following directors have held office since 1 September 1999:

A I Patel

Y I Patel

D S Caplan

S Wild

Appointed 24 July 2000

DIRECTORS' INTERESTS IN SHARES

None of the directors held shares in the company at any time throughout the year. The directors' interests in the shares of the parent undertaking are disclosed in that company's financial statements.

SINGLE EUROPEAN CURRENCY ISSUE

The directors have considered the potential impact of the Euro on the company's operations. As the company's systems are continually upgraded as part of normal business expenses, it is not anticipated that this will lead to a material change in the future.

Scholes (Chemists) Limited

DIRECTORS' REPORT

DISABLED EMPLOYEES

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled persons wherever appropriate.

EMPLOYEE INVOLVEMENT

Employees are encouraged to participate in the success of the business by furthering their career through personal development and training.

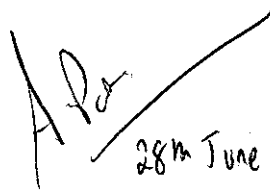
AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants will be put to the members at the annual general meeting.

By order of the board

A I Patel

Secretary



28th June 2001

Scholes (Chemists) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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:

- a select suitable accounting policies and then apply them consistently;
- b make judgments and estimates that are reasonable and prudent;
- c follow applicable accounting standards
- d 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 requirements of 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 SCHOLES (CHEMISTS) LIMITED

We have audited the financial statements on pages 6 to 24.

Respective responsibilities of directors and auditors

As described on page 4 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.

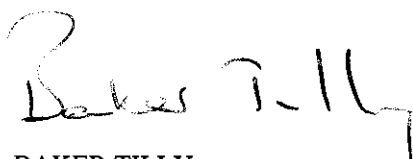
Basis of opinion

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 August 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY

Registered Auditor
Chartered Accountants
Brazenose House
Lincoln Square
Manchester
M2 5BL

28 June 2001

Scholes (Chemists) Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 August 2000

	Notes	2000 £	2000 £	1999 £	1999 £
TURNOVER	1				
Continuing operations		25,745,647		23,951,227	
Acquisitions		1,739,044		771,957	
			27,484,691		24,723,184
Cost of sales			20,784,434		18,876,016
Gross profit			6,700,257		5,847,168
Other operating expenses (net)	2		4,238,800		3,502,836
OPERATING PROFIT					
Continuing operations		2,294,092		2,312,999	
Acquisitions		167,365		31,333	
			2,461,457		2,344,332
Group balances written off	6		-		26,509
Investment income	4		-		53,514
Other interest receivable and similar income			52,685		3,751
			2,514,142		2,375,088
Interest payable and similar charges	5		1,177,130		1,027,528
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6		1,337,012		1,347,560
Taxation	8		429,648		417,491
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	19		907,364		930,069

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

Scholes (Chemists) Limited

NOTE OF HISTORICAL COST PROFITS AND LOSSES for the year ended 31 August 2000

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2000 £	1999 £
Profit on ordinary activities before taxation	1,337,012	1,347,560
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	13,131	10,734
Historical cost profit on ordinary activities before taxation	<u>1,350,143</u>	<u>1,358,294</u>
Historical cost profit for the year retained after taxation and dividends	<u>920,495</u>	<u>940,803</u>

Scholes (Chemists) Limited

BALANCE SHEET

31 August 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Intangible assets	9	10,772,733	9,313,415
Tangible assets	10 & 11	3,846,112	3,711,988
Investments	12	6,807,656	2,437,457
		<u>21,426,501</u>	<u>15,462,860</u>
CURRENT ASSETS			
Stocks	13	2,039,030	1,806,099
Debtors	14	4,905,329	4,440,343
Cash at bank and in hand		1,232,274	1,139,659
		<u>8,176,633</u>	<u>7,386,101</u>
CREDITORS: Amounts falling due within one year	15	6,568,543	6,206,626
NET CURRENT ASSETS/(LIABILITIES)		<u>1,608,090</u>	<u>1,179,475</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		23,034,591	16,642,335
CREDITORS: Amounts falling due after more than one year	16	(18,581,077)	(13,096,185)
PROVISION FOR LIABILITIES AND CHARGES	17	(16,579)	(16,579)
		<u>4,436,935</u>	<u>3,529,571</u>
CAPITAL AND RESERVES			
Called up share capital	18	618	618
Revaluation reserve	19	527,235	527,235
Other reserves	19	382	382
Profit and loss account	19	3,908,700	3,001,336
SHAREHOLDERS' FUNDS	20	<u>4,436,935</u>	<u>3,529,571</u>

Approved by the board on 28th June 2001

A I Patel



Director

Scholes (Chemists) Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings in accordance with applicable accounting standards.

Investment properties are accounted for in accordance with SSAP 19, "Accounting for Investment Properties", which provides that these should not be subject to periodic depreciation charges (unless held on lease), but should be shown at open market value. This is contrary to the Companies Act 1985 which states that, subject to any provision for depreciation or diminution in value, fixed assets are normally to be stated at purchase price or production cost. Current cost accounting or the revaluation of specific assets to market value, as determined at the date of their last valuation, is also permitted.

The treatment of investment properties under the Companies Act does not give a true and fair view as these assets are not held for consumption in the business but as investments, the disposal of which would not materially affect any manufacturing or trading operations of the enterprise. In such a case it is the current value of these investments, and changes in that current value, which are of prime importance. Consequently, for the proper appreciation of the financial position, the accounting treatment required by SSAP 19 is considered appropriate for investment properties.

Details of the current value and historical cost information for investment properties are given in Note 11.

CASH FLOW STATEMENT

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to prepare a cash flow statement on the grounds that it is a subsidiary of Primelight Limited. The company is included in the consolidated financial statements of Primelight Limited, copies of which are available from Companies House (Cardiff).

GOODWILL

Purchased goodwill representing the excess of the purchase price compared with the fair value of assets acquired is capitalised and subject to an annual impairment review by the directors in accordance with FRS 10. The directors consider that the goodwill acquired has an indefinite life. Any deficiency arising from the impairment review is written off to the profit and loss account in the year in which it arises. Any increases in value are not recognised in the financial statements.

This departure from the requirements of the Companies Act 1985, is, in the opinion of the directors, necessary for the financial statements to give a true and fair view in accordance with applicable accounting standards.

Amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot reasonably be separately identified or quantified.

TRADE MARKS

Trade marks are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life.

Scholes (Chemists) Limited

ACCOUNTING POLICIES

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost or valuation less depreciation.

The directors have followed the transitional provisions of FRS 15 and have not updated the last valuation of its freehold land and buildings undertaken in 1990.

Depreciation is provided on all tangible fixed assets other than investment properties at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Freehold land and buildings	2% straight line
Fixtures, fittings and equipment	20% reducing balance
Motor vehicles	25% reducing balance

INVESTMENTS

Fixed asset investments are stated at cost less provision for diminution in value.

STOCK

Stock is valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling prices less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving items.

DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

Scholes (Chemists) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2000

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity wholly undertaken in the United Kingdom.

2 OTHER OPERATING EXPENSES (NET)

	2000 £	1999 £
Distribution costs	48,142	38,048
Administration expenses	4,470,152	3,695,525
Other operating income	(279,494)	(230,737)
	<u>4,238,800</u>	<u>3,502,836</u>

3 COST OF SALES AND OTHER OPERATING EXPENSES (NET)

	2000			1999		
	Continuing £	Acquisitions £	Total £	Continuing £	Acquisitions £	Total £
Cost of sales	19,447,102	1,337,332	20,784,434	18,336,678	539,338	18,876,016
Distribution costs	41,801	6,341	48,142	37,817	231	38,048
Administration expenses	4,239,612	230,540	4,470,152	3,529,471	201,054	3,730,525
Other operating income	(277,019)	(2,475)	(279,494)	(265,737)	-	(265,737)
	<u>4,004,394</u>	<u>234,406</u>	<u>4,238,800</u>	<u>3,301,551</u>	<u>201,285</u>	<u>3,502,836</u>

Scholes (Chemists) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2000

4	INCOME FROM INVESTMENTS AND OTHER INTEREST RECEIVABLE AND SIMILAR INCOME	2000 £	1999 £
	Income from subsidiary undertakings	-	53,514
		<u>-</u>	<u>53,514</u>
5	INTEREST PAYABLE	2000 £	1999 £
	On bank loans and overdrafts	1,141,373	1,020,792
	On other loans	20,914	-
	Hire purchase interest	14,266	6,020
	Other interest	577	716
		<u>1,177,130</u>	<u>1,027,528</u>
6	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2000	1999
	Profit on ordinary activities before taxation is stated after charging/(crediting):		
	Depreciation and amounts written off fixed assets:		
	Charge for the year:		
	leased assets	21,047	20,389
	owned assets	109,795	106,621
	Loss on disposal of assets	(12)	127
	Operating lease rentals:		
	Equipment	4,247	6,503
	Land and buildings	89,675	49,649
	Auditors' remuneration	<u>7,800</u>	<u>8,185</u>
	EXCEPTIONAL ITEMS	2000 £	1999 £
	Group balances written off	-	26,509
		<u>-</u>	<u>26,509</u>

The exceptional item arises on the write off of investments in, and amounts owed from, group undertakings which are to suspend trading.

Scholes (Chemists) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2000

7 EMPLOYEES

	2000 No.	1999 No.
The average weekly number of persons (excluding directors) employed by the company during the year was:		
Sales	282	252

	2000 £	1999 £
Staff costs for the above persons:		
Wages and salaries	2,421,491	1,989,647
Social security costs	156,889	135,279
	<u>2,578,380</u>	<u>2,124,926</u>

DIRECTORS' REMUNERATION

	2000 £	1999 £
Emoluments for qualifying services	108,000	10,696
	<u>108,000</u>	<u>10,696</u>

8 TAXATION

	2000 £	1999 £
Based on the profit for the year:		
UK corporation tax at 31% (1999 - 31%)	429,342	423,554
Deferred taxation		-
Under /(Over) provision in previous year	306	(6,063)
	<u>429,648</u>	<u>417,491</u>

Scholes (Chemists) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2000

9	INTANGIBLE FIXED ASSETS	<i>Lease Premium</i> £	<i>Goodwill</i> £	<i>Total</i> £
	Cost			
	1 September 1999	25,500	9,364,115	9,389,615
	Additions - unincorporated businesses	30,000	1,434,276	1,464,276
	31 August 2000	55,500	10,798,391	10,853,891
	Provision for diminution in value			
	1 September 1999	4,297	71,903	76,200
	Provision in year	4,958	-	4,958
	31 August 2000	9,255	71,903	81,158
	Net book value			
	31 August 2000	46,245	10,726,488	10,772,733
	31 August 1999	21,203	9,292,212	9,313,415

Scholes (Chemists) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2000

10	TANGIBLE FIXED ASSETS	<i>Freehold land and buildings £</i>	<i>Fixtures, fittings & equipment £</i>	<i>Motor vehicles £</i>	<i>Total £</i>
	Cost or valuation				
	1 September 1999	2,472,932	560,816	61,134	3,094,882
	Additions	227,047	74,833	35,588	337,468
	Disposals	(82,551)	-	(8,810)	(91,361)
	31 August 2000	2,617,428	635,649	87,912	3,340,989
	Depreciation:				
	1 September 1999	153,395	285,233	21,893	460,521
	Charge in the year	52,260	59,715	13,909	125,884
	Disposals	(7,980)	-	(5,923)	(13,903)
	31 August 2000	197,675	344,949	29,880	572,504
	Net book value				
	31 August 2000	2,419,753	290,700	58,032	2,768,485
	31 August 1999	2,319,537	275,583	39,241	2,634,361

Freehold properties were re-valued at 3 September 1990 on the basis of an open market valuation for existing use.

The directors are of the opinion that there has not been a material change in the value of the freehold properties, hence the valuations have not been updated during the year.

Scholes (Chemists) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2000

10 TANGIBLE FIXED ASSETS (*continued*)

On an historical cost basis freehold properties would have been included at:

Cost	
Historical cost at 1 September 1999	1,811,977
Additions	227,047
Disposals	(82,551)
	<hr/>
At 31 August 2000	1,956,473
	<hr/>
Depreciation based on cost	
1 September 1999	130,374
Charge in the year	39,129
On disposals	(7,980)
	<hr/>
31 August 2000	161,523
	<hr/>
Net book value	
31 August 2000	1,794,950
	<hr/>
	<hr/>
31 August 1999	1,681,603
	<hr/>

Included above are assets held under finance leases or hire purchase contracts as follows:

	<i>Fixtures, fittings & equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Net book value			
31 August 2000	38,916	19,080	57,996
	<hr/>	<hr/>	<hr/>
31 August 1999	52,122	25,440	77,562
	<hr/>	<hr/>	<hr/>

Scholes (Chemists) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2000

11 TANGIBLE FIXED ASSETS

*Investment
properties*
£

Cost or valuation:

1 September 1999 and 31 August 2000

1,077,627

The valuations of investment properties were made in 1994 by Messrs Miller Metcalfe Kirkpatrick, Chartered Surveyors, on an open market basis. No depreciation is provided in respect of these properties.

On an historical cost basis these would have been included at an original cost of £650,894 (1999 - £650,894).

The directors do not consider the market value of investment properties to be substantially different from the carrying value in the financial statements.

12 FIXED ASSET INVESTMENTS

*Shares in
subsidiary
undertakings*
£

Cost or valuation:

1 September 1999

2,437,457

Additions

4,370,199

31 August 2000

6,807,656

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Scholes (Chemists) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2000

12 FIXED ASSET INVESTMENTS (*continued*)

Holdings of more than 10%

The company holds more than 10% of the share capital of the following companies, all of which have been dormant throughout the year:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
M.D. Robinson Limited	England & Wales	Ordinary	100%
Norman Youles Dispensing Chemists Limited	England & Wales	Ordinary	100%
Charles Hall Limited	England & Wales	Ordinary	100%
Stephen Isaacs (Chemists) Limited	England & Wales	Ordinary	100%
M A Harris (Chemists) Limited	England & Wales	Ordinary	100%
Thaneglade Limited	England & Wales	Ordinary	100%
Basil Clarke Limited	England & Wales	Ordinary	100%
Roocroft (1923) Limited	England & Wales	Ordinary	100%
E A Draper Limited	England & Wales	Ordinary	100%
McLoughlin & Nixon Limited	England & Wales	Ordinary	100%
Aerobelt Limited	England & Wales	Ordinary	100%

The company also holds more than 10% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Showchem Limited	England & Wales	Ordinary	100%
Uscita Limited	England & Wales	Ordinary	100%
Greenwoods Pharmacy Limited	England & Wales	Ordinary	100%
Poludel Limited	England & Wales	Ordinary	100%
Roy Sandiford Limited	England & Wales	Ordinary	100%
N E Smith Limited	England & Wales	Ordinary	100%
W Brindle (Bolton) Limited	England & Wales	Ordinary	100%

All the companies above were engaged in Chemist retail activities.

ACQUISITIONS OF UNINCORPORATED BUSINESSES

During the year the company acquired several unincorporated pharmacies the assets of which, at fair value, were:

	£
Purchased goodwill	1,434,276
Fixtures, fittings and equipment	39,003
Land and buildings	70,000
Cash consideration	1,543,279

Scholes (Chemists) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2000

13	STOCKS	2000 £	1999 £
	Finished goods and goods for resale	2,039,030	1,806,099

14	DEBTORS	2000 £	1999 £
	Due within one year:		
	Trade debtors	4,169,609	3,839,979
	Other debtors	459,912	375,516
	Prepayments and accrued income	152,719	105,166
	Amount owed by group undertakings	123,089	119,682
		4,905,329	4,440,343

Included in other debtors are the following amounts owed by related parties as they are controlled by the directors of this company:

	2000 £	1999 £
Gorgemead Limited	-	7,578
F M Rimmington & Sons Limited	21,585	-
Levelcrown Limited	15,155	-
Cityfocus Limited	52,469	49,754
Other	-	9,003
	89,209	66,335

Scholes (Chemists) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2000

15	CREDITORS: Amounts falling due within one year	2000	1999
		£	£
	Bank loans and overdrafts	1,491,773	1,459,624
	Obligations under finance leases and hire purchase contracts	12,851	25,607
	Trade creditors	3,241,792	2,899,421
	Amount owed to group undertakings	813,714	887,948
	Corporation tax	285,467	321,254
	Other taxation and social security costs	107,312	91,263
	Other creditors	154,456	170,678
	Accruals and deferred income	421,711	339,027
	Directors' loan account	39,467	11,804
		<u>6,568,543</u>	<u>6,206,626</u>

Included within trade creditors above is £2,301,922 (1999- £910,118) owed to Gorgemead Limited, a related party as it is controlled by common directors.

16	CREDITORS: Amounts falling due in more than one year	2000	1999
		£	£
	Bank loan	14,493,600	12,961,424
	Other loans	4,085,567	120,000
	Obligations under finance lease and hire purchase agreements	1,910	14,761
		<u>18,581,077</u>	<u>13,096,185</u>
	Loans:		
	Not wholly repayable within five years by instalments	9,039,170	7,538,966
	Wholly repayable within five years	10,721,805	5,001,131
		<u>19,760,975</u>	<u>12,540,097</u>
	Included in current liabilities	(1,181,808)	(1,049,624)
		<u>18,579,167</u>	<u>11,490,473</u>
	Loan maturity analysis:		
	Between one and two years	5,219,671	1,049,624
	Between two and five years	4,320,328	5,001,131
	In five years or more	9,039,170	6,489,341

Scholes (Chemists) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2000

16 CREDITORS: Amounts falling due in more than one year (Cont)

Bank loans and overdrafts of £15,985,375 are secured by mortgage debentures in favour of National Westminster Bank Plc, over unscheduled assets of the company along with fixed and floating charges over the assets of the company. In addition, the company is party to a composite guarantee to the Bank in conjunction with related companies under common control. Interest is charged at a rate tied to bank base rates.

Included in other loans is £3,965,567, guaranteed by the National Westminster Bank Plc.

The finance lease and hire purchase contracts are secured over the assets to which they relate.

	2000 £	1999 £
Obligations under finance leases and hire purchase contracts:		
Repayable within one year	15,638	39,873
Repayable in more than one year	2,229	17,867
	<hr/> 17,867	<hr/> 57,740
Finance charges and interest allocated to future accounting periods	(3,106)	(17,372)
	<hr/> 14,761	<hr/> 40,368
Included in current liabilities	(12,851)	(25,607)
	<hr/> 1,910	<hr/> 14,761

17 PROVISIONS FOR LIABILITIES AND CHARGES

	£
Balance at 1 September 1999	16,579
Transfer	-
Profit and loss account	-
	<hr/>
Balance at 31 August 2000	16,579

Deferred taxation provided in the financial statements is as follows:

	Fully provided	
	2000	1999
	£	£
Excess of tax allowances over depreciation	16,579	16,579

Scholes (Chemists) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2000

18	SHARE CAPITAL	2000 £	1999 £
	Authorised: 1,000 ordinary shares of £1 each	1,000	1,000
	Allotted, issued and fully paid: 618 ordinary shares of £1 each	618	618
19	STATEMENT OF MOVEMENT ON RESERVES	<i>Revaluation reserve £</i>	<i>Other reserves £</i> <i>Profit and loss account £</i>
	1 September 1999	527,235	382 3,001,336
	Retained profit for the year	-	- 907,364
	31 August 2000	527,235	382 3,908,700
20	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2000 £	1999 £
	Profit for the financial year	907,364	930,069
	Net addition to shareholders' funds	907,364	930,069
	Opening shareholders' funds	3,529,571	2,599,502
	Closing shareholders' funds	4,436,935	3,529,571

Scholes (Chemists) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2000

21 COMMITMENTS UNDER OPERATING LEASES

At 31 August 2000 the company had annual commitments under non-cancellable operating leases as follows:

	2000 £	1999 £
Land and buildings		
expiring less than one year	875	-
between two and five years	74,351	5,250
more than five years	34,744	18,500
	<hr/>	<hr/>
Fixtures and fittings		
expiring less than one year	1,040	-
between two and five years	3,313	-
more than five years	-	-
	<hr/>	<hr/>

22 CONTINGENT LIABILITIES

There is a composite guarantee between this company and certain related parties in respect of bank borrowings as follows:

	£
Gorgemead Limited	1,229,381
Roy Sandiford Limited	448
Primelight Limited	149,891

23 CAPITAL COMMITMENTS

	2000 £	1999 £
Contracted for but not provided in the financial statements	61,824	1,215,000
	<hr/>	<hr/>

24 CONTROL

The ultimate parent undertaking is Primelight Limited, a company registered in England and Wales.

Scholes (Chemists) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2000

25 RELATED PARTY TRANSACTIONS

During the year the company traded with Gorgemead Limited and Prinwest Limited. Both companies are classed as related parties due to the common directorships held in them by A Patel and Y Patel. Scholes (Chemists) Limited made purchases of nil (1999 - £6,728,976) and received rental income of £11,906 (1999 - £24,358) from Gorgemead Limited. Scholes (Chemists) Limited also purchased £11,002,193 (1999 - £685,009) and received rental income of £16,797 (1999 - £5,359) from Prinwest Limited.

All transactions were made on normal commercial terms and on an arm's length basis.

The company has taken advantage of the exemption offered by FRS8 to companies, 90% of the voting rights of which are controlled within a larger group, with regard to the disclosure of transactions with other group companies.

26 GROUP ACCOUNTS

The accounts present information about the company as an individual undertaking, and not about its group, as the company has taken advantage of the exemption provided by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Primelight Limited (Company No.2576058), a company registered in England & Wales, and is included in the consolidated accounts of that company. Copies of the financial statements of Primelight Limited are available from Companies House (Cardiff).

Greenwoods (Pharmacy) Limited

FINANCIAL STATEMENTS

for the year ended

31 August 2000



Company Registration No. 555529