

Scholes (Chemists) Limited

FINANCIAL STATEMENTS

for the year ended

31 August 1999

Scholes (Chemists) Limited

DIRECTORS AND OFFICERS

DIRECTORS

A I Patel
Y I Patel
D S Caplan

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 1999.

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 four 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 three pharmacies.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £930,069.

The directors do not recommend the payment of a dividend.

DIRECTORS

The following directors have held office since 1 September 1998:

A I Patel
Y I Patel
D S Caplan

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

YEAR 2000 ISSUES

The directors are aware of the risks associated with the year 2000 problem, and have taken steps to ensure the computer systems are compatible. As the normal business involves computers which are constantly upgraded this has not resulted in any additional expenditure. The directors are aware that there are inherent risks when dealing with customers and suppliers and there is no guarantee that they will be year 2000 compliant.

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



Secretary

Date 29th JUNE 2000

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 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 23.

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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly

BAKER TILLY
Registered Auditor
Chartered Accountants
Brazennose House
Lincoln Square
Manchester
M2 5BL

Date *24 June 2000*

Scholes (Chemists) Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 August 1999

	Notes	1999 £	1999 £	1998 £	1998 £
TURNOVER	1				
Continuing operations		23,951,227		21,223,844	
Acquisitions		771,957		590,164	
			24,723,184		21,814,008
Cost of sales			18,876,016		16,647,500
Gross profit			5,847,168		5,166,508
Other operating expenses (net)	2		3,502,836		3,108,773
OPERATING PROFIT					
Continuing operations		2,312,999		1,999,302	
Acquisitions		31,333		58,433	
			2,344,332		2,057,735
Group balances written off	6		26,509		271,640
Investment income	4		53,514		63,996
Other interest receivable and similar income	4		3,751		985
			2,375,088		1,851,076
Interest payable and similar charges	5		1,027,528		1,072,680
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6		1,347,560		778,396
Taxation	8		417,491		252,024
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	19		930,069		526,372

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 1999

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	1999 £	1998 £
Profit on ordinary activities before taxation	1,347,560	778,396
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	10,734	10,957
Historical cost profit on ordinary activities before taxation	<u>1,358,294</u>	<u>789,353</u>
Historical cost profit for the year retained after taxation and dividends	<u>940,803</u>	<u>537,329</u>

Scholes (Chemists) Limited

BALANCE SHEET

31 August 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Intangible assets	9	9,313,415	8,838,132
Tangible assets	10 & 11	3,711,988	3,448,947
Investments	12	2,437,457	2,222,459
		<u>15,462,860</u>	<u>14,509,538</u>
CURRENT ASSETS			
Stocks	13	1,806,099	1,605,395
Debtors	14	4,440,343	4,119,669
Cash at bank and in hand		1,139,659	199,441
		<u>7,386,101</u>	<u>5,924,505</u>
CREDITORS: Amounts falling due within one year	15	6,206,626	6,294,849
NET CURRENT ASSETS/(LIABILITIES)		<u>1,179,475</u>	<u>(370,344)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		16,642,335	14,139,194
CREDITORS: Amounts falling due after more than one year	16	(13,096,185)	(11,523,113)
PROVISION FOR LIABILITIES AND CHARGES	17	(16,579)	(16,579)
		<u>3,529,571</u>	<u>2,599,502</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	3,001,336	2,071,267
SHAREHOLDERS' FUNDS	20	<u>3,529,571</u>	<u>2,599,502</u>

Approved by the board on 29th June 2000

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.

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 as per 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.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

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

Scholes (Chemists) Limited

ACCOUNTING POLICIES

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 1999

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)

	1999 £	1998 £
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Distribution costs	38,048	35,618
Administration expenses	3,695,525	3,325,012
Other operating income	(230,737)	(251,857)
	<u>3,502,836</u>	<u>3,108,773</u>

3 COST OF SALES AND OTHER OPERATING EXPENSES (NET)

	1999			1998		
	Continuing £	Acquisitions £	Total £	Continuing £	Acquisitions £	Total £
Cost of sales	18,336,678	539,338	18,876,016	16,204,785	442,715	16,647,500
Distribution costs	37,817	231	38,048	34,794	824	35,618
Administration expenses	3,529,471	201,054	3,730,525	3,236,820	88,192	3,325,012
Other operating income	(265,737)	-	(265,737)	(251,857)	-	(251,857)
	<u>3,301,551</u>	<u>201,285</u>	<u>3,502,836</u>	<u>3,019,757</u>	<u>89,016</u>	<u>3,108,773</u>

4 INCOME FROM INVESTMENTS AND OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	1999 £	1998 £
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Income from subsidiary undertakings	53,514	63,996
	<u>53,514</u>	<u>63,996</u>

Scholes (Chemists) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1999

5	INTEREST PAYABLE	1999 £	1998 £
	On bank loans and overdrafts	474	1,387
	On loans repayable after 5 years	1,020,318	1,068,927
	Hire purchase interest	6,020	(414)
	Other interest	716	2,780
		<u>1,027,528</u>	<u>1,072,680</u>
6	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1999	1998
	Profit on ordinary activities before taxation is stated after charging/(crediting):		
	Depreciation and amounts written off fixed assets:		
	Charge for the year:		
	leased assets	20,389	25,217
	owned assets	106,621	97,023
	Loss on disposal of assets	127	-
	Operating lease rentals:		
	Equipment	6,503	3,057
	Auditors' remuneration	<u>8,185</u>	<u>8,000</u>
	EXCEPTIONAL ITEMS	1999 £	1998 £
	Group balances written off	26,509	221,640
	Provision for diminution in value	-	50,000
		<u>26,509</u>	<u>271,640</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 1999

7	EMPLOYEES	1999 No.	1998 No.
	The average weekly number of persons (excluding directors) employed by the company during the year was:		
	Sales	252	215
		1999 £	1998 £
	Staff costs for the above persons:		
	Wages and salaries	1,989,647	1,758,453
	Social security costs	135,279	124,025
		2,124,926	1,882,478
	DIRECTORS' REMUNERATION	1999 £	1998 £
	Emoluments for qualifying services	11,999	81,250
8	TAXATION	1999 £	1998 £
	Based on the profit for the year:		
	UK corporation tax at 31% (1998 - 31%)	423,554	270,828
	Deferred taxation	-	-
	Over provision in previous year	(6,063)	(18,804)
		417,491	252,024

Scholes (Chemists) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1999

9	INTANGIBLE FIXED ASSETS	<i>Lease Premium</i> £	<i>Goodwill</i> £	<i>Total</i> £
	Cost			
	1 September 1998	25,500	8,884,748	8,910,248
	Additions - subsidiary undertakings		114,737	114,737
	- unincorporated businesses	-	364,630	364,630
	31 August 1999	25,500	9,364,115	9,389,615
	Provision for diminution in value			
	1 September 1998	213	71,903	72,116
	Provision in year	4,084	-	4,084
	31 August 1999	4,297	71,903	76,200
	Net book value			
	31 August 1999	21,203	9,292,212	9,313,415
	31 August 1998	25,287	8,812,845	8,838,132

Scholes (Chemists) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1999

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 1998	2,132,168	529,018	51,477	2,712,663
	Additions	340,764	31,798	24,145	396,707
	Disposals	-	-	(14,488)	(14,488)
	31 August 1999	2,472,932	560,816	61,134	3,094,882
	Depreciation:				
	1 September 1998	106,421	220,083	14,838	341,342
	Charge in the year	46,974	65,150	10,802	122,926
	Disposals	-	-	(3,747)	(3,747)
	31 August 1999	153,395	285,233	21,893	460,521
	Net book value				
	31 August 1999	2,319,537	275,583	39,241	2,634,361
	31 August 1998	2,025,747	308,934	36,639	2,371,320

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

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

Cost	
Historical cost at 1 September 1998	1,471,214
Additions	340,763
At 31 August 1999	1,811,977
Depreciation based on cost	
1 September 1998	94,134
Charge in the year	36,240
31 August 1999	130,374
Net book value	
31 August 1999	1,681,603
31 August 1998	1,377,080

Scholes (Chemists) Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 1999

10 TANGIBLE FIXED ASSETS (*continued*)

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 1999	52,122	25,440	77,562
31 August 1998	76,224	32,535	108,759

11 TANGIBLE FIXED ASSETS

*Investment
properties
£*

Cost or valuation: 1 September 1998 and 31 August 1999	1,077,627
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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 (1998 - £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 1998	2,222,459
Additions	214,998
31 August 1999	2,437,457

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 1999

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%

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			
Roocroft (1923) Limited	England & Wales	Ordinary	100
E A Draper Limited	England & Wales	Ordinary	100
Greenwoods Pharmacy Limited	England & Wales	Ordinary	100
McLoughlin & Nixon Limited	England & Wales	Ordinary	100
Roy Sandiford Limited	England & Wales	Ordinary	100
Basil Clarke Limited	England & Wales	Ordinary	100
Roy Sandiford Limited	England & Wales	Ordinary	100

All the companies above were engaged in Chemist retail activities except for the following:

Company name	Nature of business
E A Draper Limited -	Sweet Manufacturers
Roocroft (1923) Limited -	Sweet Manufacturers

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and Reserves	Profit/(Loss) for the year
	£	£
Roocroft (1923) Limited	-	19,583
E A Draper Limited	2	(5,650)
Greenwoods Pharmacy Limited	973,679	253,757
Roy Sandiford Limited	(14,900)	(10,226)

Scholes (Chemists) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1999

12 FIXED ASSET INVESTMENTS *(continued)*

ACQUISITIONS OF UNINCORPORATED BUSINESSES

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

	£
Purchased goodwill	364,630
Fixtures, fittings and equipment	15,000
Cash consideration	<u>379,630</u>

PURCHASE OF SUBSIDIARY UNDERTAKINGS

Net assets acquired:	
Stocks	15,640
Debtors	23,412
Cash at bank and in hand	3,665
Creditors	(40,458)
	<u>2,259</u>
Goodwill on acquisition	205,878
	<u>208,137</u>
Discharged by:	
Cash paid	<u>208,137</u>

13	STOCKS	1999 £	1998 £
	Finished goods and goods for resale	<u>1,806,099</u>	<u>1,605,395</u>

Scholes (Chemists) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1999

14	DEBTORS	1999 £	1998 £
	Due within one year:		
	Trade debtors	3,839,979	3,478,305
	Other debtors	375,516	497,372
	Prepayments and accrued income	105,166	113,333
	Amount owed by group undertakings	119,682	30,659
		<u>4,440,343</u>	<u>4,119,669</u>

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

	1999 £	1998 £
Gorgemead Limited	7,578	36,427
Aerobelt Limited	-	82
Cityfocus Limited	49,754	51,650
Other	9,003	3,664
	<u>66,335</u>	<u>91,823</u>

Included within other debtors is an amount of £50,000 paid to H S Burton as advance consideration for a shop acquired after the year end.

15	CREDITORS: Amounts falling due within one year	1999 £	1998 £
	Bank loans and overdrafts	1,459,624	1,909,666
	Obligations under finance leases and hire purchase contracts	25,607	33,575
	Trade creditors	2,899,421	2,733,507
	Amount owed to group undertakings	887,948	525,296
	Corporation tax	321,254	270,828
	Other taxation and social security costs	91,263	77,762
	Other creditors	170,678	218,562
	Accruals and deferred income	339,027	514,992
	Directors' loan account	11,804	10,661
		<u>6,206,626</u>	<u>6,294,849</u>

Included within trade creditors above is £910,118 owed to Gorgemead Limited, a related party as it is controlled by common directors.

Scholes (Chemists) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1999

16	CREDITORS: Amounts falling due in more than one year	1999 £	1998 £
	Bank loan	12,961,424	11,370,472
	Other loans	120,000	120,000
	Obligations under finance lease and hire purchase agreements	14,761	32,641
		<u>13,096,185</u>	<u>11,523,113</u>
	Loans		
	Not wholly repayable within five years by instalments:		
	Bank loans		7,538,966
	Wholly repayable within five years		5,001,131
			<u>12,540,097</u>
	Included in current liabilities		(1,049,624)
			<u>11,490,473</u>
	Bank loan maturity analysis:		
	Between one and two years		1,049,624
	Between two and five years		5,001,131
	In five years or more		6,489,341

Bank loans of £14,421,047 are secured by mortgage debentures in favour of National Westminster Bank Plc, over unscheduled 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.

Scholes (Chemists) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1999

16	CREDITORS: Amounts falling due in more than one year (Cont)	1999 £	1998 £
	Obligations under finance leases and hire purchase contracts:		
	Repayable within one year	21,216	48,811
	Repayable in more than one year	19,153	29,288
		<hr/>	<hr/>
		40,369	78,099
	Finance charges and interest allocated to future accounting periods	-	(11,883)
		<hr/>	<hr/>
		40,369	66,216
	Included in current liabilities	(21,216)	(33,575)
		<hr/>	<hr/>
		19,153	32,641
		<hr/>	<hr/>
17	PROVISIONS FOR LIABILITIES AND CHARGES		£
	Balance at 1 September 1998		16,579
	Transfer		-
	Profit and loss account		-
			<hr/>
	Balance at 31 August 1999		16,579
			<hr/>
	Deferred taxation provided in the financial statements is as follows:		
		Fully provided	
		1999	1998
		£	£
	Excess of tax allowances over depreciation	16,579	16,579
		<hr/>	<hr/>
18	SHARE CAPITAL	1999	1998
		£	£
	Authorised:		
	1,000 ordinary shares of £1 each	1,000	1,000
		<hr/>	<hr/>
	Allotted, issued and fully paid:		
	618 ordinary shares of £1 each	618	618
		<hr/>	<hr/>
			<i>Profit</i>

Scholes (Chemists) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1999

19	STATEMENT OF MOVEMENT ON RESERVES	<i>Revaluation reserve £</i>	<i>Other reserves £</i>	<i>and loss account £</i>
	1 September 1998	527,325	382	2,071,267
	Retained profit for the year	-	-	930,069
	31 August 1999	527,235	382	3,001,336

20	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	1999 £	1998 £
	Profit for the financial year	930,069	526,372
	Net addition to shareholders' funds	930,069	526,372
	Opening shareholders' funds	2,599,502	2,073,130
	Closing shareholders' funds	3,529,571	2,599,502

21 COMMITMENTS UNDER OPERATING LEASES

At 31 August 1999 the company had annual commitments under non-cancellable operating leases as follows:

	1999 £	1998 £
Land and buildings		
expiring less than one year	-	-
between two and five years	5,250	5,250
more than five years	18,500	18,500

Scholes (Chemists) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1999

22 CONTINGENT LIABILITIES

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

	£
Gorgemead Limited	3,201,940
Thaneglade Limited	-
Cityfocus Limited	-
Athertons Chemists Limited	-
Primelight Limited	175,214

23 CAPITAL COMMITMENTS	1999 £	1998 £
Contracted for but not provided in the financial statements	1,215,000	611,000

24 CONTROL

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

25 RELATED PARTY TRANSACTIONS

During the year the company traded with Gorgemead Limited. The company is classed as a related party due to the common directorships held in it by A Patel and Y Patel. Scholes (Chemists) Limited made purchases of £6,728,976 and received rental income of £24,358 from this company.

During the year the company paid £54,000 (1998 - £54,000) to Primelight Limited in respect of management services provided.

All transactions were made on normal commercial terms and on an arms length basis.

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), and is included in the consolidated accounts of that company.