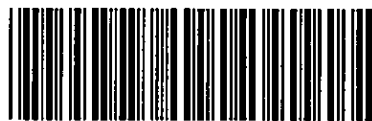


COMPANY REGISTRATION NUMBER 364450

**SCHOLES (CHEMISTS)
LIMITED**

**FINANCIAL STATEMENTS
FOR THE 13 MONTHS ENDED
31 DECEMBER 2006**

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SCHOLES (CHEMISTS) LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2005 TO 31 DECEMBER 2006

CONTENTS	PAGE
The directors' report	1
Independent auditor's report to the shareholders	3
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7

SCHOLES (CHEMISTS) LIMITED

THE DIRECTORS' REPORT

PERIOD FROM 1 DECEMBER 2005 TO 31 DECEMBER 2006

The directors have pleasure in presenting their report and the financial statements of the company for the period from 1 December 2005 to 31 December 2006

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company during the period was that of retail dispensing chemists

Following the acquisition of the immediate parent company, Primelight Limited, by the Admenta UK plc group, the pharmacy portfolio of Scholes (Chemists) Limited, with the exception of 17 pharmacies, were transferred to Lloyds Pharmacy Limited, a fellow group company, on 1 December 2005. On 1 January 2006 the company transferred a further 13 pharmacies to Lloyds Pharmacy Limited, a further two on 2 March 2006, and a further one on 1 October 2006

During the period Scholes (Chemists) Limited purchased two further pharmacies resulting in a total of three pharmacies held at 31 December 2006. It is expected that these pharmacies will be transferred to Lloyds Pharmacy Limited during 2007

The directors of Scholes (Chemists) Limited manage operations at a group level, rather than on an individual business unit level. The company's consistent performance is due to the group's implementation of a clear strategy which aims to optimise the service delivery across the pharmacy portfolio through all areas of the business. This strategy will continue in 2007

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks

The key business risks affecting the company are considered to relate to competition from both independent pharmacies and multiple chains, employee retention and government action regarding the reimbursement of drugs dispensed and service supplied. These risks and uncertainties are discussed further in the statutory accounts of Lloyds Pharmacy Limited, a fellow group company

Key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

RESULTS AND DIVIDENDS

The loss for the period amounted to £126,000 (2005 £7,621,000 profit). The directors have not recommended a dividend

DIRECTORS

The directors who served the company during the period were as follows

J Hood
P Smerdon
J Parker

According to the register kept under section 325 of the Companies Act 1985, no director had a notifiable interest in the shares of the company or other group companies at any time during the period. As permitted, the register does not contain details of directors' interests in parent undertakings which are incorporated outside Great Britain

SCHOLES (CHEMISTS) LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 1 DECEMBER 2005 TO 31 DECEMBER 2006

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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,

state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

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 that 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.

In so far as the directors are aware

there is no relevant audit information of which the company's auditor is unaware, and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

The auditors, PricewaterhouseCoopers LLP, were appointed on 28 March 2007 and have indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed at the Annual General meeting.

Signed by order of the directors



J BRIERLEY
Company Secretary

Approved by the directors on 28 March 2007

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SCHOLES (CHEMISTS) LIMITED

PERIOD FROM 1 DECEMBER 2005 TO 31 DECEMBER 2006

We have audited the financial statements of Scholes (Chemists) Limited for the period from 1 December 2005 to 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
SCHOLES (CHEMISTS) LIMITED** *(continued)*

PERIOD FROM 1 DECEMBER 2005 TO 31 DECEMBER 2006

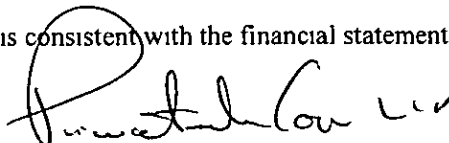
OPINION

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the period then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Directors' Report is consistent with the financial statements



PRICEWATERHOUSECOOPERS LLP
Chartered Accountants and Registered Auditors

Birmingham



SCHOLES (CHEMISTS) LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD FROM 1 DECEMBER 2005 TO 31 DECEMBER 2006

	Note	£000	Period from 1 Dec 05 to 31 Dec 06 £000	Period from 1 Sep 04 to 30 Nov 05 £000
TURNOVER				
Continuing operations		2,512		95,372
Acquisitions		<u>1,467</u>		<u>—</u>
			3,979	95,372
Cost of sales	2		<u>(2,952)</u>	<u>(70,122)</u>
GROSS PROFIT			1,027	25,250
Net operating expenses	2		<u>(840)</u>	<u>(12,519)</u>
OPERATING PROFIT:	3			
Continuing operations		(49)		12,731
Acquisitions		<u>236</u>		<u>—</u>
			187	12,731
Loss on disposal of fixed assets	6		<u>(328)</u>	<u>—</u>
			(141)	12,731
Interest receivable	7		—	88
Interest payable and similar charges	8		—	(2,049)
			<u>—</u>	<u>—</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			(141)	10,770
Tax on (loss)/profit on ordinary activities	9		15	(3,149)
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD			<u>(126)</u>	<u>7,621</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the period as set out above

There is no material difference between the results above and the results on an unmodified historical cost basis

The notes on pages 7 to 17 form part of these financial statements.

SCHOLES (CHEMISTS) LIMITED

BALANCE SHEET

31 DECEMBER 2006

	Note	£000	31 Dec 06 £000	30 Nov 05 £000
FIXED ASSETS				
Intangible assets	10		2,530	31,137
Tangible assets	11		75	281
			<u>2,605</u>	<u>31,418</u>
CURRENT ASSETS				
Stocks	12	147		5,396
Debtors	13	20,351		23,351
Cash at bank		2		443
		<u>20,500</u>		<u>29,190</u>
CREDITORS: Amounts falling due within one year	15	(284)		(37,630)
NET CURRENT ASSETS/(LIABILITIES)			<u>20,216</u>	<u>(8,440)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>22,821</u>	<u>22,978</u>
PROVISIONS FOR LIABILITIES				
Deferred taxation	14		—	(31)
			<u>22,821</u>	<u>22,947</u>
CAPITAL AND RESERVES				
Called-up equity share capital	18		1	1
Profit and loss account	19		22,820	22,946
SHAREHOLDERS' FUNDS	20		<u>22,821</u>	<u>22,947</u>

These financial statements were approved by the directors on 28 March 2007 and are signed on their behalf by



P Smerdon
DIRECTOR

The notes on pages 7 to 17 form part of these financial statements

SCHOLES (CHEMISTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2005 TO 31 DECEMBER 2006

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards

Set out below is a summary of the more important accounting policies, which have been applied consistently except where stated otherwise

Consolidated accounts

The financial statements contain information about Scholes (Chemists) Limited as an individual company, rather than consolidated information as the parent of the group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare group accounts as its results are included by full consolidation in the financial statements of its ultimate parent, Franz Haniel & Cie GmbH, a company incorporated in Germany

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Turnover

All turnover arises from sales in the United Kingdom of healthcare services and products. Turnover is stated at invoice value excluding value added tax

Goodwill

Goodwill represents the excess of the fair value of consideration given to acquire new businesses over the fair value of the separable net assets at the date of the acquisition. Goodwill is capitalised as an intangible asset on the balance sheet

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill - straight line basis over 20 years

Fixed assets

Tangible fixed assets are stated at cost less provision for depreciation. Cost comprises the purchase cost together with any incidental expenses of acquisition

SCHOLES (CHEMISTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2005 TO 31 DECEMBER 2006

1. ACCOUNTING POLICIES *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold buildings - 2% on a straight line basis

Leasehold properties - 25% on a straight line basis or over the period of the lease

Fixtures, fittings, plant and equipment - 10%-25% on a straight line basis

Motor vehicles - 25% on a straight line basis

Impairment of fixed assets and goodwill

The basis for any impairment write down of fixed assets and goodwill is by reference to the higher of the post tax net realisable value and the value in use of those assets. For the purposes of determining any impairment the income generating unit takes account of associated cash flows within the Admenta UK plc group

The value in use is determined through discounting all future cash flows using a risk adjusted rate. The risk adjusted rate is based upon the weighted average cost of capital of the parent company, Celesio AG, as used within internal investment appraisal mechanisms

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Where necessary, provision is made for obsolete, slow moving and defective stocks

Operating lease agreements

The cost of assets used in respect of all operating leases are charged to the profit and loss account on a straight line basis over the lease term

Rental income is recognised in the profit and loss account on a straight line basis over the lease term

SCHOLES (CHEMISTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2005 TO 31 DECEMBER 2006

1 ACCOUNTING POLICIES *(continued)*

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. Deferred tax liabilities are provided in full but deferred tax assets are recognised only to the extent it is considered more likely than not that the associated tax deduction can be utilised on their reversal. Deferred tax liabilities and assets are not discounted.

Trade debtor estimation technique

Income receivable from health authorities relating to prescriptions dispensed is calculated by the prescription pricing authority rather than by the company. As a result of this evaluation process being complex and the lack of currently available commercial systems to provide a timely quantification of the NHS debtor there is a degree of estimation involved in determining the amounts to include within the accounts. The process looks at the number of prescriptions dispensed together with history on the average value, adjusted for known tariff changes, and mix of those prescriptions on a store by store basis. This information is input into a model to provide an estimation of the NHS debtor at any given point in time.

2. ANALYSIS OF COST OF SALES AND NET OPERATING EXPENSES

	Continuing Operations £000	Acquired Operations £000	Total £000
PERIOD FROM 1 DECEMBER 2005 TO 31 DECEMBER 2006			
Cost of sales	<u>1,922</u>	<u>1,030</u>	<u>2,952</u>
Distribution costs	542	201	743
Administrative expenses	103	-	103
Other operating income	(6)	-	(6)
Net operating expenses	<u>639</u>	<u>201</u>	<u>840</u>
PERIOD FROM 1 SEPTEMBER 2004 TO 30 NOVEMBER 2005			
Cost of sales	<u>70,122</u>	<u>-</u>	<u>70,122</u>
Distribution costs	119	-	119
Administrative expenses	13,372	-	13,372
Other operating income	(972)	-	(972)
Net operating expenses	<u>12,519</u>	<u>-</u>	<u>12,519</u>

SCHOLES (CHEMISTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2005 TO 31 DECEMBER 2006

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	Period from 1 Dec 05 to 31 Dec 06 £000	Period from 1 Sep 04 to 30 Nov 05 £000
Amortisation	98	48
Depreciation of owned fixed assets	5	234
Profit on disposal of fixed assets	—	(2,585)
Auditor's remuneration		
- as auditor	6	29
Operating lease costs		
Land and buildings	<u>57</u>	<u>688</u>

Auditor's remuneration in 2006 is borne by Lloyds Pharmacy Limited, a fellow group company and not recharged

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial period amounted to

	Period from 1 Dec 05 to 31 Dec 06 No	Period from 1 Sep 04 to 30 Nov 05 No
Office and management staff	—	64
Selling and distribution staff	<u>17</u>	<u>562</u>
	<u>17</u>	<u>626</u>

The aggregate payroll costs of the above were

	Period from 1 Dec 05 to 31 Dec 06 £000	Period from 1 Sep 04 to 30 Nov 05 £000
Wages and salaries	416	9,526
Social security costs	30	540
Other pension costs	1	—
	<u>447</u>	<u>10,066</u>

SCHOLES (CHEMISTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2005 TO 31 DECEMBER 2006

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	Period from 1 Dec 05 to 31 Dec 06 £000	Period from 1 Sep 04 to 30 Nov 05 £000
Emoluments receivable	—	(12)

Mr Hood is paid by a fellow group company, Lloyds Pharmacy Limited, which makes no recharge to the company. Mr Hood is a director of a number of group companies and it is not possible to make an accurate apportionment of their emoluments in respect of each of these companies. Accordingly no emoluments in respect of Mr Hood are disclosed. Mr Hood's emoluments are included in the aggregate of the directors' emoluments disclosed in the financial statements of Lloyds Pharmacy Limited.

Mr Smerdon and Mr Parker are employed by and are employees of a fellow group company Lloyds Pharmacy Limited. Lloyds Pharmacy Limited does not recharge any salary costs in relation to services provided by Mr Smerdon and Mr Parker as directors of Scholes (Chemists) Limited and therefore there are no emoluments that should be disclosed.

6. LOSS ON DISPOSAL OF FIXED ASSETS

	Period from 1 Dec 05 to 31 Dec 06 £000	Period from 1 Sep 04 to 30 Nov 05 £000
Loss on disposal of fixed assets	(328)	—

On acquisition of the immediate parent company, Primelight Limited, by the Admenta UK plc group, the net book value of the fixed assets were written off as an immediate refit of the pharmacies followed.

7. INTEREST RECEIVABLE

	Period from 1 Dec 05 to 31 Dec 06 £000	Period from 1 Sep 04 to 30 Nov 05 £000
Bank interest receivable	—	88

8. INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 1 Dec 05 to 31 Dec 06 £000	Period from 1 Sep 04 to 30 Nov 05 £000
Interest payable on bank borrowing	—	2,049

SCHOLES (CHEMISTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2005 TO 31 DECEMBER 2006

9. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the period

	Period from 1 Dec 05 to 31 Dec 06 £000	Period from 1 Sep 04 to 30 Nov 05 £000
Current tax		
In respect of the period		
UK Corporation tax based on the results for the period at 30% (2005 - 30%)	45	3,141
Under/(over) provision in prior year	78	(13)
Total current tax	123	3,128
Deferred tax		
Origination and reversal of timing differences	(138)	21
Tax on (loss)/profit on ordinary activities	(15)	3,149

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 30% (2005 - 30%)

	Period from 1 Dec 05 to 31 Dec 06 £000	Period from 1 Sep 04 to 30 Nov 05 £000
(Loss)/profit on ordinary activities before taxation	(141)	10,770
(Loss)/profit on ordinary activities before tax multiplied by standard rate of tax	(42)	3,231
Income not taxable for tax purposes	-	(700)
Capital allowances less depreciation	(13)	(29)
Profit on sale of assets to extent differs from chargeable gains	99	639
Expenses not deductible for tax purposes	1	-
Adjustments to tax charge in respect of previous periods	78	(13)
Total current tax (note 9(a))	123	3,128

SCHOLES (CHEMISTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2005 TO 31 DECEMBER 2006

10. INTANGIBLE FIXED ASSETS

	Goodwill £000	Lease Premium £000	Total £000
COST			
At 1 December 2005	31,161	126	31,287
Additions	2,528	100	2,628
Disposals	—	(126)	(126)
Transfers	(31,161)	—	(31,161)
At 31 December 2006	<u>2,528</u>	<u>100</u>	<u>2,628</u>
AMORTISATION			
At 1 December 2005	72	78	150
Charge for the period	96	2	98
On disposals	—	(78)	(78)
Transfers	(72)	—	(72)
At 31 December 2006	<u>96</u>	<u>2</u>	<u>98</u>
NET BOOK VALUE			
At 31 December 2006	<u>2,432</u>	<u>98</u>	<u>2,530</u>
At 30 November 2005	<u>31,089</u>	<u>48</u>	<u>31,137</u>

During the year a large proportion of the Scholes (Chemists) Limited business was hived into Lloyds Pharmacy Limited, a fellow group company. The goodwill held by Scholes (Chemists) Limited has therefore been transferred to Lloyds Pharmacy Limited.

SCHOLES (CHEMISTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2005 TO 31 DECEMBER 2006

11. TANGIBLE FIXED ASSETS

	Leasehold Improvements	Fixtures, Fittings & Equipment	Motor Vehicles	Total
	£000	£000	£000	£000
COST				
At 1 December 2005	2	1,020	160	1,182
Additions	—	113	—	113
Disposals	(2)	(1,020)	(160)	(1,182)
Transfers	—	(34)	—	(34)
At 31 December 2006	—	79	—	79
DEPRECIATION				
At 1 December 2005	2	789	110	901
Charge for the period	—	5	—	5
On disposals	(2)	(789)	(110)	(901)
Transfers	—	(1)	—	(1)
At 31 December 2006	—	4	—	4
NET BOOK VALUE				
At 31 December 2006	—	75	—	75
At 30 November 2005	—	231	50	281

12. STOCKS

	31 Dec 06 £000	30 Nov 05 £000
Finished goods	<u>147</u>	<u>5,396</u>

13. DEBTORS

	31 Dec 06 £000	30 Nov 05 £000
Trade debtors	—	13,447
Amounts owed by group undertakings	20,338	—
Amounts owed by related parties	—	7,229
Other debtors	—	901
Directors current accounts	—	1,500
Prepayments and accrued income	—	274
Deferred taxation (note 14)	13	—
	<u>20,351</u>	<u>23,351</u>

SCHOLES (CHEMISTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2005 TO 31 DECEMBER 2006

14. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	Period from 1 Dec 05 to 31 Dec 06 £000	Period from 1 Sep 04 to 30 Nov 05 £000
Included in debtors (note 13)	13	-
Included in provisions	-	(31)
	<u>13</u>	<u>(31)</u>

The movement in the deferred taxation account during the period was

	Period from 1 Dec 05 to 31 Dec 06 £000	Period from 1 Sep 04 to 30 Nov 05 £000
Balance brought forward	(31)	(10)
Transfer to group company	(94)	-
Profit and loss account movement arising during the period	138	(21)
Balance carried forward	<u>13</u>	<u>(31)</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	31 Dec 06 £000	30 Nov 05 £000
Excess of taxation allowances over depreciation on fixed assets	13	(31)
	<u>13</u>	<u>(31)</u>

15. CREDITORS: Amounts falling due within one year

	31 Dec 06 £000	30 Nov 05 £000
Loan notes	-	452
Bank loans and overdrafts	-	3,448
Trade creditors	-	5,497
Amounts owed to group undertakings	114	114
Corporation tax	170	1,783
Other taxation and social security	-	142
Other creditors	-	79
Other loans	-	25,754
Accruals and deferred income	-	361
	<u>284</u>	<u>37,630</u>

SCHOLES (CHEMISTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2005 TO 31 DECEMBER 2006

16. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as set out below

	Land & Buildings	
	31 Dec 06	30 Nov 05
	£000	£000
Operating leases which expire		
After more than 5 years	<u>20</u>	<u>-</u>

17. RELATED PARTY TRANSACTIONS

The company has not disclosed transactions for the period ended 31 December 2006 with fellow group companies, in accordance with the exemption under the terms of Financial Reporting Standard 8

During the period ended 30 November 2005 the company traded with Georgemead Limited and Prinwest Limited. Both companies were classed as related parties due to common directorships held in them by A Patel and Y Patel. Scholes (Chemists) Limited received rental income of £4,500 from Georgemead Limited. Scholes (Chemists) Limited also purchased goods to a value of £38,352,732 and received rental income of £250,000 from Prinwest Limited.

At 30 November 2005 the following balances with related parties were included in the balance sheet

Within debtors are amounts owed by related parties by virtue of common control: Lynstock Properties Limited - £6,830,000 and Levelcrown Limited - £399,154

Within trade creditors is £2,348,228 owed to Prinwest Limited, a related party by virtue of common control.

Within other creditors are amounts owed to the following parties related by virtue of common control: Georgemead Limited - £43,390, Infosyst Limited - £20,212 and Makan Investments Limited - £15,275

Within creditors are amounts owed by group companies: Primelight Limited - £113,848

18. SHARE CAPITAL

Authorised share capital:

	31 Dec 06	30 Nov 05
	£000	£000
1,000 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

Allotted, called up and fully paid:

	31 Dec 06		30 Nov 05	
	No	£000	No	£000
Ordinary shares of £1 each	<u>618</u>	<u>1</u>	<u>618</u>	<u>1</u>

SCHOLES (CHEMISTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2005 TO 31 DECEMBER 2006

19 RESERVES

	Profit and loss account £000
Balance brought forward	22,946
Loss for the period	(126)
Balance carried forward	<u>22,820</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 Dec 06 £000	30 Nov 05 £000
(Loss)/Profit for the financial period	(126)	7,621
Opening shareholders' funds	<u>22,947</u>	<u>15,326</u>
Closing shareholders' funds	<u>22,821</u>	<u>22,947</u>

21. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Primelight Limited. The company's ultimate parent undertaking and controlling party is Franz Haniel & Cie GmbH, a company registered in Germany, by virtue of its majority shareholding in the intermediate parent Celesio AG and its consolidation of the Celesio AG Group results into its own consolidated financial statements.

Consolidated financial statements for the largest group of undertakings are prepared by Franz Haniel & Cie GmbH and may be obtained from Franz Haniel Platz 1, D-47119 Duisburg, Ruhrort, Germany.

Consolidated accounts for the smallest group of companies are prepared by Celesio AG and may be obtained from Celesio AG, Neckartalstrasse 155, D-70376 Stuttgart, Germany.

22. ACQUISITIONS AND DISPOSALS

Summarised below are the provisional fair values of the assets acquired by the company during the year on acquisition of unincorporated businesses. The goodwill arising on these acquisitions is detailed in note 10.

	Fair value and book value £000
Stock	<u>120</u>
Satisfied by Consideration paid - cash	<u>2,648</u>