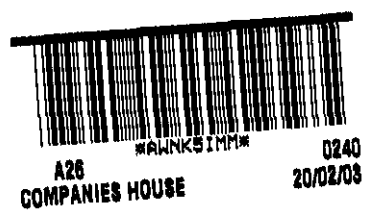


# Scholes (Chemists) Limited

## FINANCIAL STATEMENTS

for the year ended

31 August 2002



# Scholes (Chemists) Limited

## DIRECTORS AND OFFICERS

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### 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

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The directors submit their report and the financial statements of Scholes (Chemists) Limited for the year ended 31 August 2002.

### 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 11 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.

### RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £2,045,105.

The directors do not recommend the payment of an ordinary dividend.

### DIRECTORS

The following directors have held office since 1 September 2001:

A I Patel  
Y I Patel  
D S Caplan  
S Wild

### 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.

### 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.

# Scholes (Chemists) Limited

## DIRECTORS' REPORT

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### 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

17/2/03

Secretary

# Scholes (Chemists) Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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 SCHOLLES (CHEMISTS) LIMITED

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

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 directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Director's Responsibilities.

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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of opinion

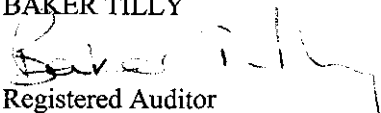
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 2002 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

17.2.03

# Scholes (Chemists) Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 August 2002

	Notes	2002 £	2002 £	2001 £	2001 £
TURNOVER	1				
Continuing operations		50,158,506		30,808,090	
Acquisitions		2,136,611		11,107,083	
			52,295,117		41,915,173
Cost of sales			39,176,265		31,270,967
Gross profit			13,118,852		10,644,206
Other operating expenses (net)	2		8,837,524		6,916,461
OPERATING PROFIT					
Continuing operations		4,466,526		2,769,797	
Acquisitions		(185,198)		957,948	
			4,281,328		3,727,745
Profit on disposal of assets	5		-		157,448
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST			4,281,328		3,885,193
Other interest receivable and similar income			46,244		79,585
Interest payable and similar charges	4		1,289,707		1,354,880
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5		3,037,865		2,609,898
Taxation	7		992,760		780,011
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			2,045,105		1,829,887
Dividends received			-		1,015,323
RETAINED PROFIT FOR THE YEAR			2,045,105		2,845,210

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 2002

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### NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2002 £	2001 £
Profit on ordinary activities before taxation	3,037,865	2,609,898
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	14,009	15,921
Historical cost profit on ordinary activities before taxation	<u>3,051,874</u>	<u>2,625,819</u>
Historical cost profit for the year retained after taxation and dividends	<u>2,059,114</u>	<u>2,861,131</u>



# Scholes (Chemists) Limited

## BALANCE SHEET

31 August 2002

	Notes	2002 £	2001 £
<b>FIXED ASSETS</b>			
Intangible assets	9	22,124,463	20,395,196
Tangible assets	10 & 11	4,806,641	4,350,191
Investments	12	-	-
		<u>26,931,104</u>	<u>24,745,387</u>
<b>CURRENT ASSETS</b>			
Stocks	13	3,709,961	3,646,508
Debtors	14	10,720,574	8,851,439
Cash at bank and in hand		-	1,345,062
		<u>14,430,535</u>	<u>13,843,009</u>
<b>CREDITORS: Amounts falling due within one year</b>	15	11,161,777	12,911,681
<b>NET CURRENT ASSETS</b>		<u>3,268,758</u>	<u>931,328</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		30,199,862	25,676,715
<b>CREDITORS: Amounts falling due after more than one year</b>	16	(20,872,612)	(18,377,702)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>		-	(16,868)
		<u>9,327,250</u>	<u>7,282,145</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	618	618
Revaluation reserve	18	527,235	527,235
Other reserves		382	382
Profit and loss account	18	8,799,015	6,753,910
<b>SHAREHOLDERS' FUNDS</b>	19	<u>9,327,250</u>	<u>7,282,145</u>

Approved by the board on 17/2/03.

A I Patel

Director

# Scholes (Chemists) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2002

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### 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.

# Scholes (Chemists) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2002

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### 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 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:-

Leasehold land and buildings	25% straight line
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

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. 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. The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future. The adoption of the standard has not required a prior period adjustment. If the new policy had been in place in the previous period no further liability would have been recognised as any liability for deferred taxation was provided in full.

### 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 2002

### 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)	2002 £	2001 £
	Distribution costs	82,567	75,195
	Administration expenses	9,216,166	7,146,211
	Other operating income	(461,209)	(304,945)
		<u>8,837,524</u>	<u>6,916,461</u>

### 3 COST OF SALES AND OTHER OPERATING EXPENSES (NET)

	Continuing £	2002 Acquisitions £	Total £	Continuing £	2001 Acquisitions £	Total £
Cost of sales	37,524,333	1,651,932	39,176,265	22,960,034	8,310,933	31,270,967
Distribution costs	79,781	2,786	82,567	55,503	19,692	75,195
Administration expenses	8,548,779	667,387	9,216,166	5,324,541	1,821,670	7,146,211
Other operating income	(460,913)	(296)	(461,209)	(301,785)	(3,160)	(304,945)
	<u>8,167,647</u>	<u>669,877</u>	<u>8,837,524</u>	<u>5,078,259</u>	<u>1,838,202</u>	<u>6,916,461</u>

4	INTEREST PAYABLE	2002 £	2001 £
	On bank loans and overdrafts	1,187,659	1,173,572
	On other loans	95,934	177,665
	Hire purchase interest	349	2,788
	Other interest	5,765	855
		<u>1,289,707</u>	<u>1,354,880</u>

# Scholes (Chemists) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2002

5	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2002 £	2001 £
	Profit on ordinary activities before taxation is stated after charging/(crediting):		
	Depreciation and amounts written off fixed assets:		
	Charge for the year:		
	leased assets	-	4,921
	owned assets	208,157	179,420
	(Profit)/loss on disposal of assets	2,018	-
	Operating lease rentals:		
	Equipment	3,826	4,408
	Land and buildings	355,267	279,430
	Auditors' remuneration	7,850	8,500
		<u>          </u>	<u>          </u>
	EXCEPTIONAL ITEMS	2002 £	2001 £
	Profit on disposal of fixed assets	-	157,448
		<u>          </u>	<u>          </u>
6	EMPLOYEES	2002 No	2001 No
	The average weekly number of persons (excluding directors) employed by the company during the year was:		
	Office and management	38	38
	Sales	458	377
		<u>          </u>	<u>          </u>
		496	415
		<u>          </u>	<u>          </u>
		2002 £	2001 £
	Staff costs for the above persons:		
	Wages and salaries	5,054,690	3,843,022
	Social security costs	335,640	249,023
		<u>          </u>	<u>          </u>
		5,390,330	4,092,045
		<u>          </u>	<u>          </u>
	DIRECTORS' REMUNERATION	2002 £	2001 £
	Emoluments for qualifying services	7,750	27,287
		<u>          </u>	<u>          </u>

**Scholes (Chemists) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2002

	2002 £	2001 £
7 TAXATION		
Based on the profit for the year:		
UK corporation tax at 30% (2001 - 30%)	1,031,467	780,011
Under /(Over) provision in previous year	3,318	-
	<u>1,034,785</u>	<u>780,011</u>
Deferred tax		
Deferred tax credit current year	(42,025)	-
	<u>992,760</u>	<u>780,011</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	3,037,865	2,609,898
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2001: 30%)	<u>911,360</u>	<u>782,969</u>
Effects of:		
Non deductible expenses	67,473	70,137
Capital allowances in excess of depreciation	9,984	11,221
Tax losses utilised	(489)	(23,157)
Adjustments to previous periods	3,318	
Other tax adjustments	43,139	(61,159)
	<u>123,425</u>	<u>(2,958)</u>
Current tax charge	<u>1,034,785</u>	<u>780,011</u>

**Scholes (Chemists) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2002

9

INTANGIBLE FIXED ASSETS

	Lease Premium £	Goodwill £	Total £
Cost			
1 September 2001	55,500	20,426,050	20,481,550
Additions – hived up investments	-	1,734,464	1,734,464
31 August 2002	55,500	22,160,514	22,216,014
Amortisation			
1 September 2001	14,451	71,903	86,354
Provision in year	5,196	-	5,196
31 August 2002	19,647	71,903	91,550
Net book value			
31 August 2002	35,853	22,088,610	22,124,463
31 August 2001	41,049	20,354,147	20,395,196

10

TANGIBLE FIXED ASSETS

	<i>Leasehold improve- ments</i> £	<i>Freehold land and buildings</i> £	<i>Fixtures, fittings &amp; equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost or valuation					
1 September 2001	1,952	2,937,921	951,029	136,596	4,027,498
Additions	-	283,942	48,850	80,061	412,853
Disposals	-	(67,000)	-	(23,388)	(90,388)
31 August 2002	1,952	3,154,863	999,879	193,269	4,349,963
Depreciation:					
1 September 2001	163	254,333	446,936	53,502	754,934
Charge in the year	488	63,887	108,850	29,175	202,400
Disposals	-	(4,623)	-	(13,912)	(18,535)
31 August 2002	651	313,597	555,786	68,765	938,799
Net book value					
31 August 2002	1,301	2,841,267	444,094	124,505	3,411,164
31 August 2001	1,789	2,683,588	504,093	83,094	3,272,564

# Scholes (Chemists) Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2002

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### 10 TANGIBLE FIXED ASSETS (*continued*)

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

	<i>Fixtures, fittings &amp; equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Net book value 31 August 2002	-	-	-
31 August 2001	11,475	6,156	17,631

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 2002

### 10 TANGIBLE FIXED ASSETS (*continued*)

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

	£
Cost	
Historical cost at 1 September 2001	2,276,966
Additions	283,943
Disposals	(67,000)
At 31 August 2002	2,493,909
Depreciation based on cost	
1 September 2001	205,151
Charge in the year	49,878
On disposals	(4,623)
31 August 2002	250,406
Net book value:	
31 August 2002	2,243,503
31 August 2001	2,071,815

### 11 TANGIBLE FIXED ASSETS

*Investment  
properties*  
£

Cost or valuation:	
1 September 2001	1,077,627
Additions	317,850
Cost or valuation at 1 August 2002	1,395,477

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 (2001 - £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.

# Scholes (Chemists) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2002

### 12 FIXED ASSET INVESTMENTS

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%
EA Draper Limited	England & Wales	Ordinary	100%
McLoughlin & Nixon Limited	England & Wales	Ordinary	100%
Aerobelt Limited	England & Wales	Ordinary	100%
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%
NE Smith Limited	England & Wales	Ordinary	100%
Ardwick Apocare Limited	England & Wales	Ordinary	100%
Drisell Limited	England & Wales	Ordinary	100%
Balmford Pharmacy Limited	England & Wales	Ordinary	100%
Deans Pharmacy	England & Wales	Ordinary	100%
LG Forbes 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			
C S Fletcher	England & Wales	Ordinary	100%
Roy Sandiford Limited	England & Wales	Ordinary	100%
W Brindle (Bolton) Limited	England & Wales	Ordinary	100%

The trade and assets of C S Fletcher were hived up into Scholes (Chemists) Limited during the year and are now dormant. Prior to the hive up, all the companies above were engaged in Chemist retail activities during the year, except W Brindle (Bolton) Limited which traded as an optician.

# Scholes (Chemists) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2002

### 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	263,870
Fixtures, fittings and equipment	9,486
Cash consideration	<u>273,356</u>

13	STOCKS	2002 £	2001 £
	Finished goods and goods for resale	<u>3,709,961</u>	<u>3,646,508</u>
14	DEBTORS	2002 £	2001 £
	Due within one year:		
	Trade debtors	9,169,989	7,623,341
	Other debtors	1,188,846	899,544
	Prepayments and accrued income	224,926	237,967
	Amounts owed by group undertakings	110,561	89,492
	ACT/Corporation tax recoverable	1,095	1,095
	Deferred tax asset	25,157	-
		<u>10,720,574</u>	<u>8,851,439</u>

Included within trade debtors above is an amount of £121,793 owed by Prinwest Limited, a related party as it is controlled by common directors.

The debtors above include the following amounts falling due after more than one year:

	2002 £	2001 £
Deferred tax asset	25,157	-

# Scholes (Chemists) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2002

---

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

	2002 £	2001 £
Deferred capital allowances	25,157	-

The movement in the deferred taxation account during the year was:

	£
Balance at 1 September 2001	16,868
Profit and Loss account movement during the year	(42,025)
Balance at 31 August 2002	<u>(25,157)</u>

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

	2002 £	2001 £
Levelcrown Limited	86,219	62,895
Cityfocus Limited	58,052	53,415
Makan Investments	48,128	70,000
Gamecrest	2,109	2,109
Wardcare Limited	184,557	114,764
Maxearn Limited	201,416	70,876
	<u>580,481</u>	<u>374,059</u>

# Scholes (Chemists) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2002

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15	CREDITORS: Amounts falling due within one year	2002 £	2001 £
	Bank loans and overdrafts	5,548,784	1,983,791
	Other loans	-	3,444,579
	Obligations under finance leases and hire purchase contracts	-	1,910
	Trade creditors	3,415,630	5,252,303
	Amount owed to group undertakings	213,848	179,177
	Corporation tax	504,588	534,058
	Other taxation and social security costs	90,792	90,817
	Other creditors	670,015	547,075
	Accruals and deferred income	691,206	838,458
	Directors' loan account	26,914	39,513
		<u>11,161,777</u>	<u>12,911,681</u>

Included within trade creditors above is £1,302,384 (2001: £3,040,610) owed to Prinwest Limited, a related party as it is controlled by common directors.

Included in other creditors are the following amounts owed by related parties as they are controlled by common directors:

	2002 £	2001 £
Gorgemead Ltd	467,819	337,522
Prinwest Ltd	10,483	17,485
	<u>478,302</u>	<u>355,007</u>

# Scholes (Chemists) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2002

16	CREDITORS: Amounts falling due in more than one year	2002 £	2001 £
	Bank loan	19,815,764	17,309,279
	Other loans	1,056,848	1,068,423
		<u>20,872,612</u>	<u>18,377,702</u>
	Loans:		
	Not wholly repayable within five years by instalments	8,109,961	8,281,192
	Wholly repayable within five years	15,367,861	15,524,880
		<u>23,477,822</u>	<u>23,806,072</u>
	Included in current liabilities	(2,605,210)	(5,428,370)
		<u>20,872,612</u>	<u>18,377,702</u>
	Loan maturity analysis:		
	Between one and two years	2,341,161	1,983,791
	Between two and five years	10,316,491	8,112,719
	In five years or more	8,214,960	8,281,192
		<u>20,872,612</u>	<u>18,377,702</u>

Bank loans and overdrafts of £31,177,537 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.

Other loans of £951,848 are guaranteed by The National Westminster Bank Plc.

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

	2002 £	2001 £
Obligations under finance leases and hire purchase contracts:		
Repayable within one year	-	2,229
Repayable in more than one year	-	-
	<u>-</u>	<u>2,229</u>
Finance charges and interest allocated to future accounting periods	-	(319)
	<u>-</u>	<u>1,910</u>
Included in current liabilities	-	(1,910)
	<u>-</u>	<u>-</u>

**Scholes (Chemists) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2002

17	SHARE CAPITAL	2002 £	2001 £
	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
18	STATEMENT OF MOVEMENT ON RESERVES	<i>Revaluation reserve</i> £	<i>Profit and loss account</i> £
	1 September 2001	527,235	6,753,910
	Retained profit for the year	-	2,045,105
	31 August 2002	527,235	8,799,015
19	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2002 £	2001 £
	Profit for the financial year	2,045,105	2,845,210
	Net addition to shareholders' funds	2,045,105	2,845,210
	Opening shareholders' funds	7,282,145	4,436,935
	Closing shareholders' funds	9,327,250	7,282,145

# Scholes (Chemists) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2002

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### 20 COMMITMENTS UNDER OPERATING LEASES

At 31 August 2002 the company had annual commitments under non-cancellable operating leases as follows:

	2002 £	2001 £
Land and buildings		
Expiring in less than one year	15,475	5,475
between two and five years	69,051	49,821
more than five years	535,619	237,169
	<u>          </u>	<u>          </u>
Fixtures and fittings		
expiring in less than one year	3,645	3,645
	<u>          </u>	<u>          </u>

### 21 CONTINGENT LIABILITIES

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

	£
Gorgemead Limited	1,171,246
Roy Sandiford Limited	5,001
Primelight Limited	123,415
	<u>          </u>
	1,299,662
	<u>          </u>

### 22 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 2002

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### 23 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 received rental income of £7,680 (2001 : £7,066) from Gorgemead Limited. Scholes (Chemists) Limited also purchased £22,685,906 (2001 : £16,225,371) and received rental income of £139,229 (2001 : £11,706) 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.

### 24 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).