

# Scholes (Chemists) Limited

## FINANCIAL STATEMENTS

for the year ended

31 August 2001



# 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 2001.

### 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 23 pharmacies.

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

During the year the trade, assets and liabilities of various subsidiaries were transferred to Scholes (Chemists) Limited as noted below:

1 September 2000 -	Greenwoods Limited, N E Smith Limited, Poludel Limited, Showchem Limited and Uscita Limited
1 January 2001 -	W Brindle (Bolton) Limited, Drisell Limited
1 February 2001 -	Ardwick Apocare Limited
1 April 2001 -	Balmford Pharmacy Limited
12 April 2001 -	Deans Pharmacy Limited
1 June 2001 -	LG Forbes Limited

### 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 acquired an additional nine pharmacies.

### RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £1,829,887.

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

### DIRECTORS

The following directors have held office since 1 September 2000:

A I Patel  
Y I Patel  
D S Caplan  
S Wild

# Scholes (Chemists) Limited

## DIRECTORS' REPORT

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### 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.

### 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

15 MAY 2002

# 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 SCHOLES (CHEMISTS) LIMITED

We have audited the financial statements on pages 6 to 22.

### **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.

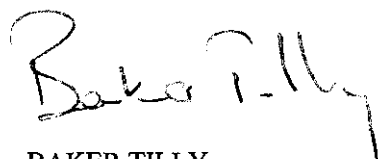
### **Basis of opinion**

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 2001 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  
Brazennose House  
Lincoln Square  
Manchester  
M2 5BL

15 May 2002

# Scholes (Chemists) Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 August 2001

	Notes	2001 £	2001 £	2000 £	2000 £
TURNOVER	1				
Continuing operations		30,808,090		25,745,647	
Acquisitions		11,107,083		1,739,044	
			41,915,173		27,484,691
Cost of sales			31,270,967		20,784,434
Gross profit			10,644,206		6,700,257
Other operating expenses (net)	2		6,916,461		4,238,800
OPERATING PROFIT					
Continuing operations		2,769,797		2,294,092	
Acquisitions		957,948		167,365	
			3,727,745		2,461,457
Profit on disposal of assets	5		157,448		-
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST			3,885,193		2,461,457
Other interest receivable and similar income			79,585		52,685
Interest payable and similar charges	4		1,354,880		1,177,130
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5		2,609,898		1,337,012
Taxation	7		780,011		429,648
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			1,829,887		907,364
Dividends received			1,015,323		-
RETAINED PROFIT FOR THE YEAR			2,845,210		907,364

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 2001

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### NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2001 £	2000 £
Profit on ordinary activities before taxation	2,609,898	1,337,012
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	15,921	13,131
Historical cost profit on ordinary activities before taxation	<u>2,625,819</u>	<u>1,350,143</u>
Historical cost profit for the year retained after taxation and dividends	<u>2,861,131</u>	<u>920,495</u>

# Scholes (Chemists) Limited

## BALANCE SHEET

31 August 2001

	Notes	2001 £	2000 £
<b>FIXED ASSETS</b>			
Intangible assets	9	20,395,196	10,772,733
Tangible assets	10 & 11	4,350,191	3,846,112
Investments	12	-	6,807,656
		<u>24,745,387</u>	<u>21,426,501</u>
<b>CURRENT ASSETS</b>			
Stocks	13	3,646,508	2,039,030
Debtors	14	8,851,439	4,905,329
Cash at bank and in hand		1,345,062	1,232,274
		<u>13,843,009</u>	<u>8,176,633</u>
CREDITORS: Amounts falling due within one year	15	12,911,681	6,568,543
NET CURRENT ASSETS		<u>931,328</u>	<u>1,608,090</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		25,676,715	23,034,591
CREDITORS: Amounts falling due after more than one year	16	(18,377,702)	(18,581,077)
PROVISION FOR LIABILITIES AND CHARGES	17	(16,868)	(16,579)
		<u>7,282,145</u>	<u>4,436,935</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	618	618
Revaluation reserve	19	527,235	527,235
Other reserves	19	382	382
Profit and loss account	19	6,753,910	3,908,700
SHAREHOLDERS' FUNDS	20	<u>7,282,145</u>	<u>4,436,935</u>

Approved by the board on 15 MAY 2002

A I Patel

Director

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# Scholes (Chemists) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2001

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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 2001

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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 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:-

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

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 2001

### 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)	2001 £	2000 £
	Distribution costs	75,195	48,142
	Administration expenses	7,146,211	4,470,152
	Other operating income	(304,945)	(279,494)
		<u>6,916,461</u>	<u>4,238,800</u>

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

	Continuing £	2001 Acquisitions £	Total £	Continuing £	2000 Acquisitions £	Total £
Cost of sales	22,960,034	8,310,933	31,270,967	19,447,102	1,337,332	20,784,434
Distribution costs	55,503	19,692	75,195	41,801	6,341	48,142
Administration expenses	5,324,541	1,821,670	7,146,211	4,239,612	230,540	4,470,152
Other operating income	(301,785)	(3,160)	(304,945)	(277,019)	(2,475)	(279,494)
	<u>5,078,259</u>	<u>1,838,202</u>	<u>6,916,461</u>	<u>4,004,394</u>	<u>234,406</u>	<u>4,238,800</u>

4	INTEREST PAYABLE	2001 £	2000 £
	On bank loans and overdrafts	1,173,572	1,141,373
	On other loans	177,665	20,914
	Hire purchase interest	2,788	14,266
	Other interest	855	577
		<u>1,354,880</u>	<u>1,177,130</u>

# Scholes (Chemists) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2001

5	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2001 £	2000 £
	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	21,047
	owned assets	179,420	109,795
	Profit/(loss) on disposal of assets		(12)
	Operating lease rentals:		
	Equipment	4,408	4,247
	Land and buildings	279,430	89,675
	Auditors' remuneration	8,500	7,800
		<u>          </u>	<u>          </u>
	EXCEPTIONAL ITEMS	2001 £	2000 £
	Profit on disposal of fixed assets	157,448	-
		<u>          </u>	<u>          </u>
6	EMPLOYEES	2001 No	2000 No
	The average weekly number of persons (excluding directors) employed by the company during the year was:		
	Office and management	38	38
	Sales	377	244
		<u>      </u>	<u>      </u>
		415	282
		<u>          </u>	<u>          </u>
		2001 £	2000 £
	Staff costs for the above persons:		
	Wages and salaries	3,843,022	2,421,491
	Social security costs	249,023	156,889
		<u>          </u>	<u>          </u>
		4,092,045	2,578,380
		<u>          </u>	<u>          </u>
	DIRECTORS' REMUNERATION	2001 £	2000 £
	Emoluments for qualifying services	27,287	108,000
		<u>          </u>	<u>          </u>

**Scholes (Chemists) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2001

		2001 £	2000 £
7	<b>TAXATION</b>		
	Based on the profit for the year:		
	UK corporation tax at 30% (2000 - 30%)	780,011	429,342
	Deferred taxation		
	Under /(Over) provision in previous year	-	306
		<u>780,011</u>	<u>429,648</u>
9	<b>INTANGIBLE FIXED ASSETS</b>		
		Lease Premium £	Goodwill £ Total £
	Cost		
	1 September 2000	55,500	10,798,391 10,853,891
	Additions – unincorporated businesses	-	1,693,646 1,693,646
	Additions – hived up investments	-	10,216,022 10,216,022
	Adjustment for pre acquisition reserves	-	(2,062,801) (2,062,801)
	Disposals	-	(219,208) (219,208)
	31 August 2001	<u>55,500</u>	<u>20,426,050</u> <u>20,481,550</u>
	Amortisation		
	1 September 2000	9,255	71,903 81,158
	Provision in year	5,196	- 5,196
	31 August 2001	<u>14,451</u>	<u>71,903</u> <u>86,354</u>
	Net book value		
	31 August 2001	<u>41,049</u>	<u>20,354,147</u> <u>20,395,196</u>
	31 August 2000	<u>46,245</u>	<u>10,726,488</u> <u>10,772,733</u>

**True and fair override on divisionalisation of subsidiary undertakings**

As part of a rationalisation of the Primelight Limited group, the trade and net assets of 11 subsidiaries were transferred into the Company. The consideration for this divisionalisation was based upon the book value of the subsidiary undertakings' net assets, and took no account of goodwill inherent in these businesses. This resulted in an apparent overvaluation of investments held in the Company's books, though there was no overall loss to the Primelight Limited Group. Schedule 4 to the Companies Act 1985 requires that, where such overvaluation is expected to be permanent, the investment should be written down accordingly. The directors consider that as the substance of the transaction was merely to reorganise the Group's operations, such a treatment would fail to give a true and fair view and the diminution in value of the investments has instead been re-allocated to goodwill.

The effect on the Company's balance sheet of this departure from the requirements of Schedule 4 is to recognise goodwill of £8,153,221.

**Scholes (Chemists) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2001**

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 2000	-	2,617,428	635,649	87,913	3,340,990
	Additions	1,952	362,993	315,380	63,847	744,172
	Disposals	-	(42,500)	-	(15,164)	(57,664)
	31 August 2001	1,952	2,937,921	951,029	136,596	4,027,498
	Depreciation:					
	1 September 2000	-	197,675	344,949	29,881	572,505
	Charge in the year	163	58,570	101,987	23,621	184,341
	Disposals	-	(1,912)	-	-	(1,912)
	31 August 2001	163	254,333	446,936	53,502	754,934
	Net book value					
	31 August 2001	1,789	2,683,588	504,093	83,094	3,272,564
	31 August 2000	-	2,419,753	290,699	58,032	2,768,485

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 2001	11,475	6,156	17,631
31 August 2000	38,916	19,080	54,996

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 2001

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

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

	£
Cost	
Historical cost at 1 September 2000	1,956,473
Additions	362,993
Disposals	(42,500)
At 31 August 2001	2,276,966
Depreciation based on cost	
1 September 2000	161,523
Charge in the year	45,540
On disposals	(1,912)
31 August 2001	205,151
Net book value:	
31 August 2001	2,071,815
31 August 2000	1,794,950

### 11 TANGIBLE FIXED ASSETS

*Investment  
properties*  
£

Cost or valuation:	
1 September 2000 and 31 August 2001	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 (2000 - £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 2001

12	FIXED ASSET INVESTMENTS	Shares in subsidiary undertakings £
	Cost or valuation:	
	1 September 2000	6,807,656
	Additions	3,408,366
	Disposals – hived up	(10,216,022)
	31 August 2001	-

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.

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%

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%
NE Smith Limited	England & Wales	Ordinary	100%
W Brindle (Bolton) 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%

# Scholes (Chemists) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2001

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All of the companies' trade and assets, other than Roy Sandiford Limited, were hived up into Scholes (Chemists) Limited during the year and are now dormant. Prior to the hive up, all of the companies above were engaged in Chemist retail activities during the year.

### 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	1,693,646
Fixtures, fittings and equipment	35,000
Land and buildings	35,000
Cash consideration	<u>1,763,646</u>

13	STOCKS	2001 £	2000 £
	Finished goods and goods for resale	<u>3,646,508</u>	<u>2,039,030</u>

14	DEBTORS	2001 £	2000 £
	Due within one year:		
	Trade debtors	7,623,341	4,169,609
	Other debtors	899,544	459,912
	Prepayments and accrued income	237,967	152,719
	Amounts owed by group undertakings	89,492	123,089
	ACT/Corporation tax recoverable	1,095	-
		<u>8,851,439</u>	<u>4,905,329</u>

# Scholes (Chemists) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2001

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

	2001 £	2000 £
FM Rimmington & Sons Limited	-	21,585
Levelcrown Limited	62,895	15,155
Cityfocus Limited	53,415	52,469
Makan Investments	70,000	-
Gamecrest	2,109	-
Wardcare Limited	114,764	-
Maxearn Limited	70,876	-
	<u>374,059</u>	<u>89,209</u>

15	CREDITORS: Amounts falling due within one year	2001 £	2000 £
	Bank loans and overdrafts	1,983,791	1,491,773
	Other loans	3,444,579	-
	Obligations under finance leases and hire purchase contracts	1,910	12,851
	Trade creditors	5,252,303	3,241,792
	Amount owed to group undertakings	179,177	813,714
	Corporation tax	534,058	285,467
	Other taxation and social security costs	90,817	107,312
	Other creditors	547,075	154,456
	Accruals and deferred income	838,458	421,711
	Directors' loan account	39,513	39,467
		<u>12,911,681</u>	<u>6,568,543</u>

Included within trade creditors above is £3,040,610 (2000: £2,301,922) 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 the directors of this company:

	2001 £	2000 £
Gorgemead Ltd	337,522	-
Prinwest Ltd	17,485	-
	<u>355,007</u>	<u>-</u>

# Scholes (Chemists) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2001

16	CREDITORS: Amounts falling due in more than one year	2001 £	2000 £
	Bank loan	17,309,279	14,493,600
	Other loans	1,068,423	4,085,567
	Obligations under finance lease and hire purchase agreements	-	1,910
		<u>18,377,702</u>	<u>18,581,077</u>
	Loans:		
	Not wholly repayable within five years by instalments	8,281,192	9,039,170
	Wholly repayable within five years	15,524,880	10,721,805
		<u>23,806,072</u>	<u>19,760,975</u>
	Included in current liabilities	(5,428,370)	(1,181,808)
		<u>18,377,702</u>	<u>18,579,167</u>
	Loan maturity analysis:		
	Between one and two years	1,983,791	5,219,669
	Between two and five years	8,112,719	4,320,328
	In five years or more	8,281,192	9,039,170

### 16 CREDITORS: Amounts falling due in more than one year (*continued*)

Bank loans and overdrafts of £19,293,070 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 £4,403,002 are guaranteed by the National Westminster Bank Plc.

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

	2001 £	2000 £
Obligations under finance leases and hire purchase contracts:		
Repayable within one year	2,229	15,638
Repayable in more than one year	-	2,229
	<u>2,229</u>	<u>17,867</u>
Finance charges and interest allocated to future accounting periods	(319)	(3,106)
	<u>1,910</u>	<u>14,761</u>
Included in current liabilities	(1,910)	(12,851)
	<u>-</u>	<u>1,910</u>

**Scholes (Chemists) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2001**

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17	PROVISIONS FOR LIABILITIES AND CHARGES	£
	Balance at 1 September 2000	16,579
	Transfer – on hive up	289
	Balance at 31 August 2001	<u>16,868</u>

Deferred taxation provided in the financial statements is as follows:

	2001	Fully provided 2000
	£	£
Excess of tax allowances over depreciation	<u>16,868</u>	<u>16,579</u>

18	SHARE CAPITAL	2001	2000
		£	£
	Authorised:		
	1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	Allotted, issued and fully paid		
	618 ordinary shares of £1 each	<u>618</u>	<u>618</u>

19	STATEMENT OF MOVEMENT ON RESERVES	<i>Revaluation reserve</i>	<i>Profit and loss account</i>
		£	£
	1 September 2000	527,235	3,908,700
	Retained profit for the year	-	2,845,210
	On hive up	-	-
	31 August 2001	<u>527,235</u>	<u>6,753,910</u>

# Scholes (Chemists) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2001

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20	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2001 £	2000 £
	Profit for the financial year	2,845,210	907,364
	Net addition to shareholders' funds	2,845,210	907,364
	Opening shareholders' funds	4,436,935	3,529,571
	Closing shareholders' funds	7,282,145	4,436,935

## 21 COMMITMENTS UNDER OPERATING LEASES

At 31 August 2001 the company had annual commitments under non-cancellable operating leases as follows:

	2001 £	2000 £
Land and buildings		
expiring less than one year	5,475	875
between two and five years	49,821	74,351
more than five years	237,169	34,744
Fixtures and fittings		
expiring less than one year	3,645	1,040
between two and five years	-	3,313

## 22 CONTINGENT LIABILITIES

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

	£
Gorgemead Limited	1,238,693
Roy Sandiford Limited	1,511
Primelight Limited	127,493
Prinwest Limited	224,260
	1,591,957

# Scholes (Chemists) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2001

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23	CAPITAL COMMITMENTS	2001 £	2000 £
	Contracted for but not provided in the financial statements	-	61,824

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## 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 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 £7,066 (2000 : £11,906) from Gorgemead Limited. Scholes (Chemists) Limited also purchased £16,225,371 (2000 : £11,002,193) and received rental income of £11,706 (2000 : £16,797) 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).