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Statim Finance Limited

Annual report
for the year ended 31 December 1997

	Pages

Statim Finance Limited

Directors' report for the year ended 31 December 1997

The directors present their report and the audited financial statements for the year ended 31 December 1997.

Principal activities

The profit and loss account is set out on page 4.

The company's principal activity continues to be the arrangement of finance and loan guarantees for pharmacists.

Review of business and future prospects

Both the level of business and the period end financial position were satisfactory. The directors foresee no material change in the company's operations.

Dividends

The directors do not propose the payment of a dividend (1996: £241,739).

Directors

The directors of the company during the year ended 31 December 1997, all of whom have been directors for the whole of the year, except where otherwise stated, were as follows:

R N Andrews (appointed 1 December 1997)
G Greenhalgh (resigned 31 March 1997)
G A Kershaw (appointed 31 January 1997)
S M Meister
A C Orme (resigned 28 November 1997)
R C H Vizard
M A Ward (appointed 23 April 1997)

In accordance with the Articles of Association, none of the directors is required to retire at the Annual General Meeting.

Directors' interests

No director had any interest in the ordinary shares of the company or was beneficially interested in the issued share capital of any other company in the Group or of the parent undertakings, GEHE AG and Franz Haniel & Cie GmbH, or had any material interest in any contracts with group companies, at any time during the year.

Statement of directors' responsibilities

The directors are required by UK Company Law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the Board

Director

8th May 1998

Statim Finance Limited

Report of the auditors
to the members of Statim Finance Limited

We have audited the financial statements on pages 4 to 11.

Respective responsibilities of directors and auditors

As described on page 2, 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 December 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and Registered Auditors

London
8 May 1998

Statim Finance Limited

Profit and loss account
for the year ended 31 December 1997

	Notes	Year ended 31 December 1997 £'000	Year ended 31 December 1996 £'000
Turnover	2	**1,063**	937
Administration expenses		**(525)**	(263)
Operating profit		**538**	674
Net interest receivable	6	**149**	105
Profit on ordinary activities before taxation	5	**687**	779
Taxation	7	**(229)**	(261)
Profit for the year after taxation		**458**	518
Dividends		**-**	(242)
Retained profit for the year	13	**458**	276

All of the above results arise from continuing operations.

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalents.

Statim Finance Limited

Balance sheet
at 31 December 1997

	Notes	31 December 1997 £'000	31 December 1996 £'000
Fixed assets			
Tangible assets	8	**4**	49
Current assets			
Debtors:			
Amounts falling due within one year	9	**977**	1,541
Cash at bank and in hand		**1,817**	1,058
		2,794	2,599
Creditors: amounts falling due within one year	10	**(978)**	(1,286)
Net current assets		**1,816**	1,313
Total assets less current liabilities		**1,820**	1,362
Net assets		**1,820**	1,362
Capital and reserves			
Called-up share capital	12	**1,000**	1,000
Profit and loss account	13	**820**	362
Equity shareholders' funds	14	**1,820**	1,362

The financial statements on pages 4 to 11 were approved by the board of directors on 8 May 1998 and were signed on its behalf by:

Director

Notes to the financial statements for the year ended 31 December 1997

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Debtors

Provision is made for any expected losses on loans arising from guarantees that have been, or are expected to be cancelled.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Tangible fixed assets

Tangible fixed assets are stated at cost which comprise purchase cost together with any incidental expenses of acquisition.

Depreciation is calculated by reference to the expected lives of the assets concerned. The following rates are applied:

Plant and equipment	20%

Provision for vacant leasehold premises

At the end of each accounting period an assessment is made of the required provision to cover rent and rates for vacant leasehold premises. The assessment is made on a property by property basis in conjunction with the Group's property services department and takes accounts of the anticipated period until the lease is assigned or disposed of.

Operating leases

Operating lease costs are charged against trading profit on a straight line basis over the lease term.

Turnover

Turnover comprises the sales of services at invoice value, before value added tax.

Pensions

The company participates in two pension schemes, one defined benefit and one defined contribution, operated by its immediate parent company, AAH plc. The assets of the schemes are independent of the company's and the group's finances. Contributions to the schemes are determined by a professionally qualified independent actuary. They are based upon pension costs across the group as a whole and are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The most recent actuarial valuation of the group's principal defined benefit scheme was carried out on 1 April 1997, particulars of which are disclosed in the financial statements of AAH plc.

The company provides no other post retirement benefits to its employees.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction.

Cash flow statement

The company takes advantage of the exemption in FRS1 (revised) not to prepare a cash flow statement on the grounds that the company is a wholly owned subsidiary whose ultimate parent prepares consolidated financial statements which are publicly available.

Related party transactions

The company has taken advantage of the exemption available in the Financial Reporting Standard No. 8 not to disclose related party transactions which are eliminated on consolidation.

2 Turnover

Turnover consists entirely of sales made in the United Kingdom.

3 Directors' emoluments

	1997	1996
	£'000	£'000
Aggregate emoluments	**68**	72
Compensation for loss of office	**94**	-

Retirement benefits are accruing to 1 director under a defined benefit scheme.

Messrs Greenhalgh, Kershaw, Meister, Vizard and Ward are directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each subsidiary.

The emoluments of Messrs Greenhalgh, Kershaw, Meister and Ward have been disclosed in the financial statements of AAH Subsidiaries Limited. Mr RCH Vizard is remunerated by AAH Subsidiaries Limited and receives no emoluments from the company.

4 Employee information

The average weekly number of persons (including executive directors) employed during the year in administration was 6 (1996: 6).

	1997	1996
	£'000	£'000
Staff costs for the above persons were:		
Wages and salaries	**274**	170
Social security costs	**18**	17
Other pension costs	**12**	14
	304	201

5 Profit on ordinary activities before taxation

	1997	1996
	£'000	£'000
This is stated after charging:		
Depreciation - tangible owned fixed assets	**16**	20
Auditors remuneration for audit	**5**	6
Hire of motor vehicles - operating leases	**5**	-
And after crediting:		
Bad debt credit	**-**	(72)
Profit on sale of fixed assets	**5**	-

6 Net interest receivable

	1997	1996
	£'000	£'000
Interest receivable:		
Bank interest	**121**	75
Other interest	**28**	30
	149	105

7 Taxation

	1997 £'000	1996 £'000
UK corporation tax at the rate of 31.5% (1996: 33%)	**(230)**	(258)
Adjustment in respect of previous years:		
Corporation tax	**1**	(3)
	(229)	(261)

8 Tangible fixed assets

	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 1997	11	51	62
Additions	-	-	-
Disposals	-	(51)	(51)
At 31 December 1997	**11**	**-**	**11**
Depreciation			
At 1 January 1997	5	8	13
Charge for year	2	14	16
Disposals	-	(22)	(22)
At 31 December 1997	**7**	**-**	**7**
Net book value			
At 31 December 1997	**4**	**-**	**4**
At 31 December 1996	6	43	49

9 Debtors

	1997 £'000	1996 £'000
Amounts falling due within one year:		
Trade debtors	**920**	1,522
Amounts owed by parent and fellow subsidiaries		
Group relief receivable	**1**	-
Other debtors	**47**	6
Other prepayments and accrued income	**9**	13
	977	1,541

10 Creditors: amounts falling due within one year

	1997 £'000	1996 £'000
Trade creditors	-	1
Amounts owed to parent and fellow subsidiaries	638	358
Corporation tax	230	259
Other creditors	110	5
Accruals and deferred income	-	663
	978	1,286

11 Deferred taxation

Deferred taxation provided in the financial statements, and the amount unprovided of the total potential liability are as follows:

	Amount provided		Amount unprovided	
	31 December 1997 £'000	31 December 1996 £'000	31 December 1997 £'000	31 December 1996 £'000
Accelerated capital allowances	-	-	-	1
Short term timing differences	-	(4)	-	(4)
	-	(4)	-	(3)

12 Called-up share capital

	1997 £'000	1996 £'000
Authorised, allotted, called up and fully paid		
1,000,000 ordinary shares of £1 each	1,000	1,000

13 Profit and loss account

	1997 £'000	1996 £'000
At beginning of period	362	86
Retained profit for the period	458	276
	820	362

14 Reconciliation of movements in shareholders' funds

	1997 £'000	1996 £'000
Profit for the financial period	458	276
Opening shareholders funds	1,362	1,086
Shareholders' funds at end of year	1,820	1,362

15 Contingent liabilities

	1997 £	1996 £
Guarantee of bank indebtedness	35,060,675	50,718,015

This represents guarantees given to Barclays Bank plc in respect of loans to pharmacists. No liability is expected to arise.

16 Financial commitments

At 31 December 1997 the company had annual commitments under non-cancellable operating leases as follows:

	1997 £000	1996 £000
Expiring between two and five years	14	-

17 Ultimate holding company

The ultimate parent undertaking and controlling party is Franz Haniel & Cie GmbH by virtue of its majority shareholding in GEHE AG and its consolidation of the GEHE 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, D47119 Duisburg, Ruhrort, Germany.

Consolidated accounts for the smallest group of companies are prepared by GEHE AG and may be obtained from Neckartalstrasse 155, Postfach 500426, 70334 Stuttgart, Germany.