



## Scholl (UK) Limited

Accounts for the period ended 28 February 1999  
together with directors' and auditors' reports

Registered number: 2285039



## Directors' report

For the period ended 28 February 1999

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the 14 months ended 28 February 1999.

### Directors' responsibilities

Company law requires the directors to prepare accounts for each financial period 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 accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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.

### Principal activity

The principal activity of the company is that of a holding company.

### Results and dividends

The results for the period are dealt with in the profit and loss account on page 4. The directors have declared an interim dividend of £Nil (1997 - £3,000,000). The directors do not recommend a final dividend for the period ended 28 February 1999 (1997 - £Nil).

### Directors and their interests

The directors who served during the year are as shown below:

C.A. Marchetti	(resigned 5 January 1998)
A. Eaton	(appointed 5 January 1998, resigned 29 October 1998)
A.C. Stamper	(appointed 19 January 1998, resigned 29 October 1998)
M.J.V. Bishop	(resigned 28 February 1999)
P.A. Sanders	(appointed 29 October 1998)
I.C.D. Cater	(appointed 28 February 1999)

## Directors' report (continued)

### Directors and their interests (continued)

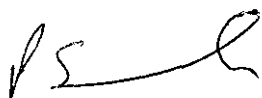
At 28 February 1999 M.J.V. Bishop held options over 6,406 ordinary shares of Seton-Scholl Healthcare plc (31 December 1997 ordinary shares of Scholl PLC). These were exercisable between 1 March 1999 and 31 August 1999, at an option price of £2,692.

The interest of these directors who are also directors of Seton Scholl Healthcare plc, in the shares of that company, are disclosed in the annual report of that company. The directors have no other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

### Auditors

On 11 November 1991 the company passed an elective resolution to dispense with the annual appointment of auditors.

By order of the Board,



P.A. Sanders  
Director

Seton Scholl Healthcare plc  
Toft Hall  
Toft Road  
Toft  
Knutsford  
Cheshire  
WA16 9PD

24 May 1999

# ARTHUR ANDERSEN

## Auditors' report

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Manchester

### **To the Shareholders of Scholl (UK) Limited:**

We have audited the accounts on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

### **Respective responsibilities of directors and auditors**

As described on page 1 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the company's state of affairs at 28 February 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**

**Chartered Accountants and Registered Auditors**

Bank House  
9 Charlotte Street  
Manchester  
M1 4EU

24 May 1999

## Profit and loss account

For the 14 months ended 28 February 1999

	Notes	Period ended 28 February 1999 £	Year ended 31 December 1997 £
Operating expenses		-	(1)
Investment income	3	-	5,008,297
Profit on disposal of investment	4	17,593,824	-
<b>Profit on ordinary activities before taxation</b>		<b>17,593,824</b>	<b>5,008,296</b>
Tax on profit on ordinary activities	5	-	(381,744)
<b>Profit on ordinary activities after taxation</b>		<b>17,593,824</b>	<b>4,626,552</b>
Dividends paid and proposed	6	-	(3,000,000)
<b>Retained profit for the year</b>		<b>17,593,824</b>	<b>1,626,552</b>
<b>Retained profit at the beginning of the year</b>		<b>1,793,403</b>	<b>166,851</b>
<b>Retained profit at the end of the year</b>		<b>19,387,227</b>	<b>1,793,403</b>

All operations of the company continued throughout both periods and no operations were acquired or discontinued.

There are no recognised gains and losses in either period other than the profit for the period.

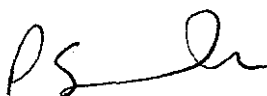
The accompanying notes are an integral part of this profit and loss account.

# Balance sheet

28 February 1999

	Notes	28 February 1999 £	31 December 1997 £
<b>Fixed assets</b>			
Investments	7	32,155,172	63,163,695
<b>Current assets</b>			
Debtors	8	49,134,282	2,437,301
Cash		-	350
		<u>49,134,282</u>	<u>2,437,651</u>
<b>Creditors: Amounts falling due within one year</b>	9	(172,325)	(2,078,041)
<b>Net current assets</b>		<u>48,961,957</u>	<u>359,610</u>
<b>Total assets less current liabilities</b>		<u>81,117,129</u>	<u>63,523,305</u>
<b>Creditors: Amounts falling due after more than one year</b>	10	(30,898,802)	(30,898,802)
<b>Net assets</b>		<u>50,218,327</u>	<u>32,624,503</u>
<b>Capital and reserves</b>			
Called-up share capital	11	30,831,100	30,831,100
Profit and loss account		<u>19,387,227</u>	<u>1,793,403</u>
<b>Equity shareholders' funds</b>		<u>50,218,327</u>	<u>32,624,503</u>

Signed on behalf of the Board



P.A. Sanders

Director

24 May 1999

The accompanying notes are an integral part of this balance sheet.

# Notes to accounts

28 February 1999

## 1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current period and the preceding year, is set out below.

### a) Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

### b) Investments in subsidiary undertakings

Investments are stated at cost less provision for diminution in value.

### c) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is calculated using the liability method, provided in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

### d) Consolidation

The company considers its ultimate parent company to be Seton Scholl Healthcare plc, a company registered in England and Wales. The company has taken advantage of Section 228 of the Companies Act 1985 not to prepare consolidated accounts. The consolidated accounts of Seton Scholl Healthcare plc are available to the public from Toft Hall, Toft Road, Toft, Knutsford, Cheshire WA16 9PD

## 2 Supplementary profit and loss information

No directors received emoluments in respect of their services to the company during the period (1997 - £Nil). All the directors are employees of, and are remunerated by, the ultimate parent undertaking. No specific charges are made in respect of the directors' services.

Auditors' remuneration has been paid by the parent company.

## 3 Investment income

	Period ended 28 February 1999 £	Year ended 31 December 1997 £
Dividends receivable		
- Scholl Consumer Products Limited	-	3,000,000
- Scholl International B.V.	-	2,008,297
	-	5,008,297

## Notes to accounts (continued)

### 4 Profit on disposal of investment

The profit on disposal of investment relates to the disposal of the company's 41.34% interest in the ordinary share capital of Scholl International B.V to a fellow subsidiary undertaking, Seton Scholl Overseas Investments Limited.

### 5 Tax on ordinary activities

	Period ended 28 February 1999 £	Year ended 31 December 1997 £
UK corporation tax at 31% (1997 - 31.5%)	-	429,000
Adjustment in respect of prior years	-	(47,256)
	<u>-</u>	<u>381,744</u>

### 6 Dividends paid and proposed

	Period ended 28 February 1999 £	Year ended 31 December 1997 £
Interim paid of £Nil (1997 - 9.7p per share)	-	3,000,000
	<u>-</u>	<u>3,000,000</u>

### 7 Investments

	28 February 1999 £	31 December 1997 £
Subsidiary undertakings	<u>32,155,172</u>	<u>63,163,695</u>

The company has investments in the following subsidiary undertakings:

	Percentage shareholding	Country of incorporation	Principal activity
Scholl Consumer Products Limited	100%	England and Wales	Manufacture and distribution of personal care products
Foot Comfort Centre SrL	1%	Italy	Footwear distribution
EHP (Investments) Limited	100%	England and Wales	Holding company

## Notes to accounts (continued)

### 7 Investments (continued)

The movement in the period was as follows:

	£
<b>Cost</b>	
At 1 January 1998	63,163,695
Disposals	(31,008,523)
At 28 February 1999	<u>32,155,172</u>

On 23 December 1998 the company disposed of its 41.34% holding in Scholl International B.V. to a fellow subsidiary undertaking, Seton Scholl Overseas Investments Limited for consideration of £48,602,347, resulting in a profit on disposal of £17,593,824.

### 8 Debtors

	28 February 1999 £	31 December 1997 £
ACT recoverable	-	429,000
Amounts due from parent undertaking	49,134,282	2,008,297
VAT recoverable	-	4
	<u>49,134,282</u>	<u>2,437,301</u>

### 9 Creditors: Amounts falling due within one year

	28 February 1999 £	31 December 1997 £
Amounts due to parent undertakings	-	1,476,713
Amounts due to fellow subsidiaries	172,323	172,323
Corporation tax	-	429,000
Bank loans and overdrafts	2	5
	<u>172,325</u>	<u>2,078,041</u>

## Notes to accounts (continued)

### 10 Creditors: Amounts falling due after more than one year

	28 February 1999 £	31 December 1997 £
Loan from parent undertaking	<u>30,898,802</u>	<u>30,898,802</u>

The loan, which is non-interest bearing, is repayable in full on or before 31 December 2003.

### 11 Called up share capital

	28 February 1999 £	31 December 1997 £
<i>Authorised</i>		
35,000,000 Ordinary shares of £1 each	<u>35,000,000</u>	<u>35,000,000</u>
<i>Allotted, called up and fully paid</i>		
30,831,100 Ordinary shares of £1 each	<u>30,831,100</u>	<u>30,831,100</u>

### 12 Reconciliation of movement in equity shareholders' funds

	28 February 1999 £	31 December 1997 £
Profit for the year	<u>17,593,824</u>	<u>1,626,552</u>
Net increase in equity shareholders' funds	17,593,824	1,626,552
Opening equity shareholders' funds	<u>1,793,403</u>	<u>166,851</u>
Closing equity shareholders' funds	<u>19,387,227</u>	<u>1,793,403</u>

## Notes to accounts (continued)

### **13 Ultimate parent company**

The ultimate parent company is Seton Scholl Healthcare plc, a company registered in England and Wales. The consolidated accounts of the group headed by Seton Scholl Healthcare plc are available to the public and may be obtained from Toft Hall, Toft Road, Toft, Knutsford, Cheshire, WA16 9PD.

### **14 Cash flow statement**

Under the provisions of Financial Reporting Standard No. 1 (revised), the company has not prepared a cash flow statement because its ultimate parent company, Seton Scholl Healthcare plc, has prepared consolidated accounts which include the accounts of the company for the period and which contain an appropriate cash flow statement.