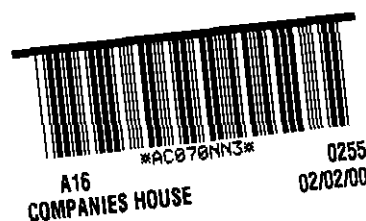


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CARACROWN LIMITED
FINANCIAL STATEMENTS
FOR
30TH JUNE 1999



Company Registration Number 2423039

STRAUGHANS
Chartered Accountants & Registered Auditors
Suite 6, Coniston House,
Town Centre,
Washington,
Tyne & Wear.
NE38 7RN

CARACROWN LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30TH JUNE 1999

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CARACROWN LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

Mr P.E. Fieldhouse
Mr C.A. Murphy
Mr T.J. Ryan

Company Secretary

Mr T.J. Ryan

Registered Office

335 Benton Road,
Newcastle upon Tyne
NE7 7EE

Auditors

Straughans
Chartered Accountants
& Registered Auditor
Suite 6, Coniston House,
Town Centre,
Washington,
Tyne & Wear.
NE38 7RN

CARACROWN LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 30TH JUNE 1999

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30th June 1999.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of retail pharmacists.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 30 June 1999	At 1 July 1998
Mr P.E. Fieldhouse	333	333
Mr C.A. Murphy	333	333
Mr T.J. Ryan	333	333

DIRECTORS' RESPONSIBILITIES

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 Companies Act 1985. The directors 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

A resolution to re-appoint Straughans as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

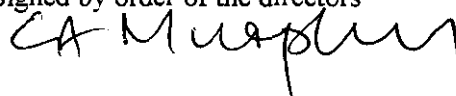
CARACROWN LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 30TH JUNE 1999

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
335 Benton Road,
Newcastle upon Tyne
NE7 7EE

Signed by order of the directors



MR T.J. RYAN
Company Secretary

Approved by the directors on 29/1/00

CARACROWN LIMITED
AUDITORS' REPORT TO THE DIRECTORS
YEAR ENDED 30TH JUNE 1999

We have audited the financial statements on pages 5 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999), under the historical cost convention and the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 2, the company's directors are responsible for the preparation of the 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 as at 30th June 1999 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Suite 6, Coniston House,
Town Centre,
Washington,
Tyne & Wear.
NE38 7RN

STRAUGHANS
Chartered Accountants
& Registered Auditors

Straughans

31st January 2000

CARACROWN LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30TH JUNE 1999

	Note	1999 £	1998 £
TURNOVER		953,009	888,569
Cost of sales		723,509	684,080
GROSS PROFIT		229,500	204,489
Administrative expenses		139,542	124,080
OPERATING PROFIT	2	89,958	80,409
Interest payable		9,606	13,131
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		80,352	67,278
Tax on profit on ordinary activities	3	22,367	5,926
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		57,985	61,352
Equity dividends paid		-	20,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		57,985	41,352

CARACROWN LIMITED
YEAR ENDED 30TH JUNE 1999

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1999 £	1998 £
Profit for the financial year attributable to the shareholders	57,985	61,352
Total recognised gains and losses relating to the year	<u>57,985</u>	<u>61,352</u>
Prior year adjustment (see note 4)	-	(41,520)
Total gains and losses recognised since the last annual report	<u>57,985</u>	<u>19,832</u>

CARACROWN LIMITED

BALANCE SHEET

30TH JUNE 1999

	Note	1999 £	1998 £
FIXED ASSETS			
Intangible assets	5	126,500	138,000
Tangible assets	6	<u>7,955</u>	<u>12,278</u>
		134,455	150,278
CURRENT ASSETS			
Stocks		65,592	59,661
Debtors	7	143,319	136,591
Cash at bank and in hand		<u>4,792</u>	<u>5,135</u>
		213,703	201,387
CREDITORS: Amounts falling due within one year	8	<u>(215,503)</u>	<u>(237,240)</u>
NET CURRENT LIABILITIES		<u>(1,800)</u>	<u>(35,853)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		132,655	114,425
CREDITORS: Amounts falling due after more than one year	9	<u>(57,432)</u>	<u>(97,187)</u>
		75,223	17,238
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	10	<u>(2)</u>	<u>(2)</u>
		<u>75,221</u>	<u>17,236</u>

The balance sheet continues on the following page.

The notes on pages 9 to 13 form part of these financial statements.

CARACROWN LIMITED

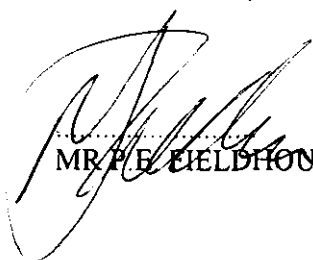
BALANCE SHEET *(continued)*

30TH JUNE 1999

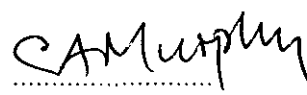
	Note	1999 £	1998 £
CAPITAL AND RESERVES			
Called-up equity share capital	13	999	999
Profit and loss account	14	74,222	16,237
SHAREHOLDERS' FUNDS		<u>75,221</u>	<u>17,236</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 1999).

These financial statements were approved by the directors on the 29/1/99, and are signed on their behalf by:



MR P. E. FIELDHOUSE



MR C.A. MURPHY

CARACROWN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH JUNE 1999

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Amortisation

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

Goodwill - 5% Straight line

Depreciation

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

Leasehold Property - Straight line over the life of the lease
 Fixtures & Fittings - 15% Reducing balance
 Equipment - 33.5% Reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

2. OPERATING PROFIT

Operating profit is stated after charging:

	1999 £	1998 £
Directors' emoluments	24,109	25,529
Amortisation	11,500	11,500
Depreciation	4,323	4,546
Auditors' fees	2,800	2,630
	<hr/>	<hr/>

CARACROWN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH JUNE 1999

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
In respect of the year:		
Corporation tax based on the results for the year at 21% (1998 - 21%)	19,802	5,926
Adjustment in respect of previous years:		
Corporation tax	<u>2,565</u>	<u>-</u>
	<u>22,367</u>	<u>5,926</u>

4. PRIOR YEAR ADJUSTMENT

The prior year adjustment year ending 30th June 1998 of £41,520 represents a change in the accounting treatment of advance payments received from the Prescription Pricing Authorities. All receipts are now treated on an earnings basis.

5. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1st July 1998 and 30th June 1999	<u>230,000</u>
AMORTISATION	
At 1st July 1998	92,000
Charge for the year	<u>11,500</u>
At 30th June 1999	<u>103,500</u>
NET BOOK VALUE	
At 30th June 1999	<u>126,500</u>
At 30th June 1998	<u>138,000</u>

CARACROWN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH JUNE 1999

6. TANGIBLE FIXED ASSETS

	Leasehold Property £	Fixtures & Fittings £	Equipment £	Total £
COST				
At 1st July 1998 and 30th June 1999	20,056	22,607	1,687	44,350
DEPRECIATION				
At 1st July 1998	15,628	14,865	1,579	32,072
Charge for the year	3,126	1,161	36	4,323
At 30th June 1999	18,754	16,026	1,615	36,395
NET BOOK VALUE				
At 30th June 1999	1,302	6,581	72	7,955
At 30th June 1998	4,428	7,742	108	12,278

7. DEBTORS

	1999 £	1998 £
Trade debtors	133,651	127,396
VAT recoverable	7,731	7,215
Other debtors	1,206	1,497
Prepayments and accrued income	731	483
	<u>143,319</u>	<u>136,591</u>

8. CREDITORS: Amounts falling due within one year

	1999 £	1998 £
Bank loans and overdrafts	55,115	98,702
Trade creditors	123,814	77,195
Other creditors including:		
Corporation tax	19,802	5,926
PAYE and social security	1,374	1,516
Directors current accounts	11,455	49,610
	<u>32,631</u>	<u>57,052</u>
Accruals and deferred income	3,943	4,291
	<u>215,503</u>	<u>237,240</u>

The directors' loan account of Mr P.Fieldhouse was overdrawn to a maximum liability of £95 in the year (1998:£Nil). The amount outstanding at 30th June 1999 was £95. This is in contravention of S330 of the Companies Act 1985.

CARACROWN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH JUNE 1999

9. CREDITORS: Amounts falling due after more than one year

	1999 £	1998 £
Bank loans and overdrafts	<u>57,432</u>	<u>97,187</u>

The bank loans are secured by an unscheduled mortgage debenture dated 3rd July 1990 and a legal mortgage dated 2nd July 1990 over 335 Benton Road, Newcastle upon Tyne.

10. DEFERRED TAXATION

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

	1999 £	1998 £
Provision brought forward	2	-
Increase in provision	<u>-</u>	<u>2</u>
Provision carried forward	<u>2</u>	<u>2</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	1999 £	1998 £
Provision for deferred tax; FA allowances	<u>2</u>	<u>2</u>

11. COMMITMENTS UNDER OPERATING LEASES

At 30th June 1999 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	1999 £	1998 £
Operating leases which expire:		
Within 1 year	<u>11,040</u>	<u>11,040</u>

12. RELATED PARTY TRANSACTIONS

During the year the company paid £11,040 (1998 : £11,040) for the rent of property and £14,799 (1998 : £10,987) for locum fees to Mr C. Murphy, a director of the company.

CARACROWN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH JUNE 1999

13. SHARE CAPITAL**Authorised share capital:**

	1999 £	1998 £
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	1999 £	1998 £
Ordinary share capital	<u>999</u>	<u>999</u>

14. PROFIT AND LOSS ACCOUNT

	1999 £	1998 £
Original balance brought forward	16,237	16,405
Prior year adjustment (note 4)	<u>-</u>	<u>(41,520)</u>
Restated balance brought forward	16,237	(25,115)
Retained profit for the financial year	<u>57,985</u>	<u>41,352</u>
Balance carried forward	<u>74,222</u>	<u>16,237</u>