

Company Registration Number

2579005

NEIL FERGUSON (CHEMIST) LIMITED

GROUP ACCOUNTS

For the period from 1st April 1999 to 31st July 2000

COOPER LANCASTER BREWERS
Chartered Accountants
MANCHESTER



NEIL FERGUSON (CHEMIST) LIMITED

Directors

B S Sheppard
M B B Sheppard BA (Hons) ACA
P A Sheppard
J G Ottolini

Secretary

B S Sheppard

Auditors

Cooper Lancaster Brewers
Century House
11 St. Peter's Square
Manchester
M2 3DN

Bankers

Lloyds TSB Bank plc
10 Booth Street
Manchester
M2 4AW

Registered Office

3rd Floor
Woolwich House
61 Mosley Street
Manchester
M2 3HZ

NEIL FERGUSON (CHEMIST) LIMITED

Report of the Directors

For the period from 1st April 1999 to 31st July 2000

The Directors submit this report, together with the audited accounts, for the period ended 31 July 2000.

Principal activity

On 30th March 2000, the retail and dispensing chemist business was sold. On the same date the Company acquired the entire issued share capital of Galleon Assets Management Limited, a private client fund manager and stockbroker.

The subsidiary undertaking is regulated by the SFA.

Results and dividends	2000 £	1999 £
Profit (loss) after taxation	1,170,758	(197,858)
Dividends	-	-
Transfer to (from) reserves	1,170,758	(197,858)

Directors' interests

The Directors who served during the period and their interests in the share capital of the Company are as follows:

		31 July 2000	31 March 1999
B S Sheppard		-	630
M B B Sheppard	Beneficial	1,499	1,499
	Beneficial interest in trust shares	2,131	1,501
P A Sheppard		-	-
J G Ottolini		-	-

Auditors

Cooper Lancaster Brewers have indicated their agreement to continue as auditors

Woolwich House
61 Mosley Street
Manchester M2 3HZ

1 December 2000

By Order of the Board

M B B Sheppard
Director



NEIL FERGUSON (CHEMIST) LIMITED

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and Group and of the profit of the Group for that period. In preparing those financial statements, 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 financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS REPORT

To the Members of NEIL FERGUSON (CHEMIST) LIMITED

We have audited the financial statements on pages 5 to 19 which have been prepared under the historical cost convention and in accordance with the accounting policies on pages 9 and 10.

Respective responsibilities of Directors and Auditors

As described on page 3 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

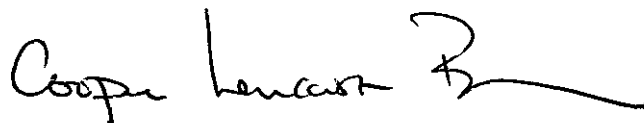
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group'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 the information in

Opinion


In our opinion the financial statements give a true and fair view of the state of the Company's and Group's affairs at 31 July 2000, and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985

Manchester



COOPER LANCASTER BREWERS

1 December 2000



Chartered Accountants
Registered Auditors

NEIL FERGUSON (CHEMIST) LIMITED

Group profit and loss account

For the period from 1st April 1999 to 31st July 2000

	Note	Period ended 31 July 2000 £	Year ended 31 March 1999 £
Turnover			
Continuing operations		-	1,339,218
Acquisitions		248,943	
Discontinued operations		1,488,840	
		<u>1,737,783</u>	
Cost of sales		(1,281,083)	(1,104,503)
Gross profit		456,700	234,715
Administrative expenses		(614,819)	(296,506)
Operating loss	2		
Continuing operations		-	(61,791)
Acquisitions		(145,031)	
Discontinued operations		(13,088)	
		<u>(158,119)</u>	
Profit (loss) on disposal of fixed assets	4	1,319,291	(135,386)
Profit (loss) on ordinary activities before interest		1,161,172	(197,177)
Net interest receivable (payable)	5	9,849	(681)
Profit (loss) on ordinary activities before taxation		1,171,021	(197,858)
Taxation	6	(263)	-
Retained profit (loss) for the financial year	18	1,170,758	(197,858)

Statement of Total Recognised Gains and Losses

There are no other recognised gains or losses, other than the profit (loss) for the period.

NEIL FERGUSON (CHEMIST) LIMITED

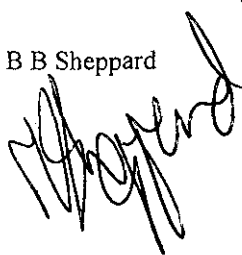
Group Balance Sheet At 31st July 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible fixed assets	8	147,895	16,137
Current assets			
Stock		-	92,680
Debtors	11	2,652,267	156,269
Cash at bank and in hand	12	2,366,643	24,068
		5,018,910	273,017
Creditors			
Amounts due within one year	13	(3,918,940)	(267,176)
Net current assets		1,099,970	5,841
Creditors			
Amounts due after more than one year	13	(55,129)	-
Net assets		1,192,736	21,978
Capital and reserves			
Called up share capital	15	3,630	3,630
Share premium account	16	324,106	324,106
Profit and loss account	17	865,000	(305,758)
Equity shareholders' funds	18	1,192,736	21,978

These accounts were approved by the Board of Directors on 1 December 2000 and signed on their behalf by :

M B B Sheppard

Director



NEIL FERGUSON (CHEMIST) LIMITED

Company Balance Sheet At 31st July 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible Fixed Assets	9	-	16,137
Investments	10	557,797	4,858
		557,797	20,995
Current assets			
Stock		-	92,680
Debtors	11	3,743	156,269
Cash at bank and in hand	12	810,399	24,068
		814,142	273,017
Creditors			
Amounts falling due within one year	13	(29,306)	(272,034)
Net current assets		784,836	983
Total assets		1,342,633	21,978
Capital and reserves			
Share capital	15	3,630	3,630
Share premium account	16	324,106	324,106
Profit and loss account	17	1,014,897	(305,758)
Total shareholders' funds	18	1,342,633	21,978

These accounts were approved by the Directors on 1 December 2000 and signed on their behalf by :

M.B B Sheppard

Director

NEIL FERGUSON (CHEMIST) LIMITED

Group Cash Flow

For the period from 1st April 1999 to 31st July 2000

	Note	2000 £	1999 £
Cash inflow (outflow) from operating activities	20	(122,857)	2,847
Return on investments and servicing of finance	20	9,849	(681)
Capital expenditure and financial investment	20	1,288,813	50,316
Acquisitions and disposals	20	(51,515)	-
Net cash outflow before financing		1,124,290	52,482
Financing	20	(5,159)	-
Increase in cash		1,119,131	52,482

Reconciliation of net cash flow to movement in net debt

Increase in cash	1,119,131	52,482
Cash outflow from increase in debt	5,159	-
New finance leases	(72,851)	-
Movement in net funds during the period	1,051,439	52,482
Net funds (debt) at the start of the period	24,068	(28,414)
Net funds at the end of the period	1,075,507	24,068

NEIL FERGUSON (CHEMIST) LIMITED

Accounting Policies

Accounting Convention

The Group Accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Basis of Consolidation

The Group Accounts incorporate Neil Ferguson (Chemist) Limited and all its subsidiary undertakings for the period ended 31 July 2000.

A separate profit and loss account for the Parent Company is not presented as provided by Section 230 of the Companies Act 1985.

On the acquisition of a subsidiary all its assets and liabilities existing at the acquisition date are recorded at their fair values reflecting their condition at that date. All changes in those assets and liabilities, and the resulting gains and losses that arise after the Group has gained control of the subsidiary, are charged to the post - acquisition profit and loss account.

Turnover

Turnover represents the value of goods sold, excluding discounts and value added tax, to customers in the United Kingdom, along with gross commission, management fees and other income, excluding VAT, receivable in respect of the period.

Depreciation

Depreciation is provided annually on a straight line basis over the estimated useful lives of tangible fixed assets. The principal rates in use are:

Equipment and fixtures	10% - 20%
Leasehold improvements	20%

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions.

NEIL FERGUSON (CHEMIST) LIMITED

Accounting Policies

(continued)

Finance lease contracts

Tangible fixed assets acquired under finance lease contracts are capitalised at the estimated fair value at the date of inception of each contract. The total finance charges allocated over the period of the contract in such a way as to give a reasonably constant charge on the outstanding liability. Rentals paid under operating leases are charged to income as incurred.

Deferred Taxation

Deferred taxation is provided where, in the opinion of the Directors, a liability is likely to arise in the foreseeable future.

Pensions

The Company operates a defined contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Pension costs are charged against the profits as they become payable to the scheme

Client monies

Clients' money is segregated and held in clients' money bank accounts and these amounts are not available for operational use in the business.

NEIL FERGUSON (CHEMIST) LIMITED

Notes to the Accounts At 31st July 2000

		2000	2000	1999
		£	£	£
1 Turnover				
Discontinued operations - retail pharmacy sales			1,488,840	1,339,218
Acquisitions	Investment management fees	35,469		-
	Commissions	211,623		-
	Other fees	1,851		-
			248,943	
			1,737,783	1,339,218
2 Operating loss				
Operating loss is stated after charging :				
Auditors' remuneration			4,000	5,000
Depreciation			1,991	2,304
Operating leases	plant and equipment		1,382	4,645
	land and buildings		12,224	14,625
3 Staff costs				
Staff costs including Directors :				
Wages & salaries			288,929	274,687
Social security costs			28,893	27,469
			317,822	302,156
			Number	Number
Average number of employees, including Directors				
Management			4	3
Administration			10	3
			14	6
Directors				
Aggregate emoluments			78,557	99,328

NEIL FERGUSON (CHEMIST) LIMITED

Notes to the Accounts (continued) At 31st July 2000

	2000 £	1999 £
4 Profit (loss) on disposal of fixed assets		
Realised loss on current asset investment	-	(106,375)
Profit on sale of pharmacy business	1,310,791	-
Profit (loss) on sale of other fixed assets	8,500	(29,011)
	<u>1,319,291</u>	<u>(135,386)</u>
5 Net interest receivable (payable)		
Interest payable and similar charges		
Bank interest paid	(155)	(1,447)
Other interest paid	(8,578)	-
Finance charges	(3,927)	-
	<u>(12,660)</u>	<u>(1,447)</u>
Interest receivable		
Bank interest	21,366	766
Other interest	1,143	-
	<u>9,849</u>	<u>(681)</u>
6 Taxation		
UK corporation tax	4,181	-
Adjustment in respect of prior periods	(3,918)	-
	<u>263</u>	<u>-</u>
7 Dividends		
No dividend was paid or proposed for the period.		

NEIL FERGUSON (CHEMIST) LIMITED

Notes to the Accounts (continued) At 31st July 2000

8 Tangible fixed assets - group	Leasehold improvement £	Office equipment £	Motor Vehicles £	Total £
Cost :				
At 1 April 1999	-	42,456	50,367	92,823
Additions	29,812	87,789	-	117,601
Additions on re-structuring	-	30,420	-	30,420
Disposals	-	(42,582)	(50,367)	(92,949)
At 31 July 2000	29,812	118,083	-	147,895
Depreciation :				
At 1 April 1999	-	26,319	50,367	76,686
Charge for the period	-	1,991	-	1,991
Disposals	-	(28,310)	(50,367)	(78,677)
At 31 July 2000	-	-	-	-
Net book value :				
At 1 April 1999	-	16,137	-	16,137
At 31 July 2000	29,812	118,083	-	147,895

9 Tangible fixed assets - company	Equipment & fixtures £	Motor Vehicles £	Total £
Cost :			
At 1 April 1999	42,456	50,367	92,823
Additions	126	-	126
Disposals	(42,582)	(50,367)	(92,949)
At 31 July 2000	-	-	-
Depreciation :			
At 1 April 1999	26,319	50,367	76,686
Provided during the period	1,991	-	1,991
Disposals	(28,310)	(50,367)	(78,677)
At 31 July 2000	-	-	-
Net book value :			
At 1 April 1999	16,137	-	16,137
At 31 July 2000	-	-	-

NEIL FERGUSON (CHEMIST) LIMITED

Notes to the Accounts (continued) At 31st July 2000

	2000	1999
	£	£

10 Subsidiary undertakings

Cost		
At 1 April 1999	15,962	15,962
Diminution in value	(11,104)	(11,104)
Additions in the period	552,939	-
At 31st July 2000	557,797	4,858

	Principal activity	% of ordinary share capital held
Galleon Assets Management Limited	Private client fund manager & stockbroker	100
Parcote Limited	Dormant	100

The subsidiary undertakings are registered in England

NEIL FERGUSON (CHEMIST) LIMITED

Notes to the Accounts (continued)

At 31st July 2000

	Group 2000 £	Group 1999 £	Company 2000 £	Company 1999 £
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11 Debtors

Due within one year :

Trade debtors	57,365	117,545	-	117,545
Amounts due from Counterparties	1,278,119	-	-	-
Amounts due from Clients	1,268,016	-	-	-
Other debtors	4,381	324	3,588	324
Value added tax	155	25,532	155	25,532
Prepayments and accrued income	44,231	12,868	-	12,868
	2,652,267	156,269	3,743	156,269

12 Cash at bank and in hand

Firm's cash	1,143,199	24,068	810,399	24,068
Cash held on behalf of Clients	1,223,444	-	-	-
	2,366,643	24,068	810,399	24,068

Cash held on behalf of Clients is held in segregated client accounts and is not available for use in the business.

13 Creditors - amounts falling due within one year

Trade creditors	31,913	211,031	1,954	211,031
Amounts due to Counterparties	1,268,016	-	-	-
Amounts due to Clients	2,501,563	-	-	-
Amounts owed to group undertaking	-	-	4,858	4,858
Other creditors	39,830	43,860	1,250	43,860
Corporation tax	263	-	4,181	-
Hire purchase	12,563	-	-	-
Social security & other taxes	15,626	3,892	1,680	3,892
Accruals and deferred income	49,166	8,393	15,383	8,393
	3,918,940	267,176	29,306	272,034
Due after more than one year				
Hire purchase	55,129	-	-	-

NEIL FERGUSON (CHEMIST) LIMITED

Notes to the Accounts (continued)

At 31st July 2000

	Group 2000 £	Group 1999 £	Company 2000 £	Company 1999 £
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14 Deferred taxation

Potential liability not provided

Capital gain on disposal of pharmacy business	254,000	-	254,000	-
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The potential liability on the capital gain arising on the sale of the pharmacy business is not provided for in the accounts as, in the opinion of the directors, the likelihood of any material liability is remote, as it is the intention of the Company to roll the gain over into new qualifying assets.

	Group £
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15 Share capital

Authorised	
Ordinary shares of £1 each	100,000
Allotted, called up and fully paid :	
Ordinary shares of £1 each	3,630

16 Share premium account

At 1 April 1999 and 31 July 2000	324,106
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NEIL FERGUSON (CHEMIST) LIMITED

Notes to the Accounts

(continued)

17 Reserves

Profit and
loss account
£

Group

At 1 April 1999	(305,758)
Retained profit for the year	1,170,758

At 31 July 2000	865,000
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Company

At 1 April 1999	(305,758)
Retained profit for the year	1,320,655

At 31 July 2000	1,014,897
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Group
£

Company
£

18 Reconciliation of shareholders funds

At 1 April 1999	21,978	21,978
Retained profit for the financial period	1,170,758	1,320,655
At 31st July 2000	1,192,736	1,342,633

19 Ultimate holding company and controlling party

The Company is controlled by the Trustees of the B S Sheppard 1990 Settlement and Mr M B B Sheppard.

NEIL FERGUSON (CHEMIST) LIMITED

Notes to the Accounts

(continued)

	2000 £	1999 £
20 Notes to the cash flow statement		
a Reconciliation of operating loss to net cash inflow from operating activities		
Operating loss	(158,119)	(61,791)
Decrease (increase) in debtors	134,497	(1,564)
Decrease (increase) in stocks	92,680	(3,455)
Increase (decrease) in creditors	(193,906)	67,353
Depreciation	1,991	2,304
Net cash inflow (outflow) from operating activities	(122,857)	2,847
b Analysis of cash flows for headings netted in the cash flow statement		
Return on investments and servicing of finance		
Bank and other interest received	22,509	766
Bank and other interest paid	(8,733)	(1,447)
Interest element of finance lease payments	(3,927)	-
Net cash inflow (outflow) for returns on investments and servicing of finance	9,849	(681)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(44,750)	-
Sale of fixed assets	1,333,563	50,316
Net cash outflow for capital expenditure and financial investment	1,288,813	50,316
Acquisitions and disposals		
Purchase of subsidiary undertaking	(250,000)	-
Net cash acquired with subsidiary	198,485	-
Net cash outflow for acquisition and disposals	(51,515)	-
Financing		
Capital elements of finance lease rental payments	(5,159)	-
Net cash outflow for financing	(5,159)	-

NEIL FERGUSON (CHEMIST) LIMITED

Notes to the Accounts (continued)

	2000	1999
	£	£

20 Notes to the cash flow statement (continued)

c Analysis of net funds

	At 1 April 1999 £	Cash flow £	Other changes £	At 31 July 2000 £
Cash at bank	24,068	1,119,131	-	1,143,199
Debt due within one year				
Finance leases	-	5,159	(72,851)	(67,692)
	24,068	1,124,290	(72,851)	1,075,507

d Purchase of subsidiary undertaking

Net assets required

	£
Tangible fixed assets	30,420
Debtors	84,360
Cash at bank and in hand	204,661
Bank overdrafts	(6,176)
Creditors	(63,265)
	250,000

Satisfied by

Cash	250,000
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