

Levelcrown Limited
FINANCIAL STATEMENTS
for the year ended
31 May 2004



Levelcrown Limited

FINANCIAL STATEMENTS

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Statement of directors' responsibilities	3
Independent auditor's report to the members	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Accounting policies	8
Notes to the financial statements	10
The following pages do not form part of the financial statements:	
Detailed profit and loss account	20
Notes to the detailed profit and loss account	21

Levelcrown Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr A I Patel
Mr Y I Patel
Miss K Rice

SECRETARY

Mr A I Patel

REGISTERED OFFICE

109 North Road
Manchester
Lancashire
M11 4NE

AUDITORS

Baker Tilly
Chartered Accountants
Brazennose House
Lincoln Square
Manchester
M2 5BL

BANKERS

Lloyds TSB
3rd Floor
10 Booth Street
Manchester
M2 4DW

Levelcrown Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Levelcrown Limited for the year ended 31 May 2004.

PRINCIPAL ACTIVITIES

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

REVIEW OF THE BUSINESS

The directors are pleased with the results for 2004 and wish to improve on current activities via both organic growth and acquisition.

RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN THE 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 31 May 2004	At 1 June 2003
Mr A I Patel	1	1
Mr Y I Patel	1	1
Miss K Rice	—	—

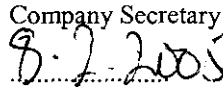
AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board


Mr A I Patel

Company Secretary


9.2.2005

Levelcrown Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEVELCROWN LIMITED

We have audited the financial statements on pages 5 to 18.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

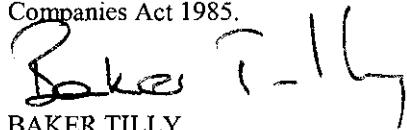
Basis of opinion

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 May 2004 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
Brazenose House
Lincoln Square
Manchester M2 5BL

10.2.05

Levelcrown Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 May 2004

	Notes	Continuing operations £	Acquisitions £	2004 Total £	2003 Total £
Turnover	1	15,710,773	1,022,399	16,733,172	14,401,226
Cost of sales		11,530,391	778,432	12,308,823	10,708,523
Gross profit		4,180,382	243,967	4,424,349	3,692,703
Net operating expenses	2	3,209,256	183,219	3,392,475	2,982,051
OPERATING PROFIT	4	971,126	60,748	1,031,874	710,652
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		971,126	60,748	1,031,874	710,652
Income from shares in group undertakings			5	—	20,836
Investment income			6	3,229	3,734
Interest payable and similar charges			7	(324,842)	(278,464)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				710,261	456,758
Tax on profit on ordinary activities			9	207,022	153,350
RETAINED PROFIT FOR THE FINANCIAL YEAR			22	503,239	303,408

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.

The operating profit for the year arises from the company's continuing operations.

Levelcrown Limited

BALANCE SHEET

31 May 2004

	Notes	2004 £	2003 £
FIXED ASSETS			
Intangible assets	10	7,259,637	5,495,866
Tangible assets	11	163,367	145,275
Investments	12	902	902
		<u>7,423,906</u>	<u>5,642,043</u>
CURRENT ASSETS			
Stocks	13	1,468,865	1,263,014
Debtors	14	3,145,343	1,858,590
Cash at bank and in hand		59,902	775,749
		<u>4,674,110</u>	<u>3,897,353</u>
CREDITORS			
Amounts falling due within one year	15	4,558,624	3,581,767
NET CURRENT ASSETS		<u>115,486</u>	<u>315,586</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,539,392</u>	<u>5,957,629</u>
CREDITORS			
Amounts falling due after more than one year	16	6,445,694	5,364,654
		<u>1,093,698</u>	<u>592,975</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	18	—	2,516
		<u>1,093,698</u>	<u>590,459</u>
CAPITAL AND RESERVES			
Called up equity share capital	21	2	2
Profit and loss account	22	1,093,696	590,457
SHAREHOLDERS' FUNDS	23	<u>1,093,698</u>	<u>590,459</u>

These financial statements were approved by the directors on the 8.2.2005 and are signed on their behalf by:

Mr A I Patel
Director

A.I. Patel

Levelcrown Limited
CASH FLOW STATEMENT
for the year ended 31 May 2004

	<i>Notes</i>	2004 £	2003 £
Net cash flow from operating activities	24.a	1,048,224	1,263,885
Returns on investments and servicing of finance	24.b	(321,613)	(253,894)
Taxation	24.b	(183,240)	(38,929)
Capital expenditure and financial investment	24.b	(1,819,609)	(1,461,337)
		<u>(1,276,238)</u>	<u>(490,275)</u>
ACQUISITIONS AND DISPOSALS			
Acquisition of shares in group undertakings		—	(900)
NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS		—	<u>(900)</u>
CASH OUTFLOW BEFORE FINANCING		<u>(1,276,238)</u>	<u>(491,175)</u>
Financing	24.b	1,080,940	997,851
(DECREASE)/INCREASE IN CASH IN THE PERIOD		<u>(195,298)</u>	<u>506,676</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
		2004 £	2003 £
(Decrease)/increase in cash in the period		(195,298)	506,676
Net cash (inflow) from bank loans		(1,081,040)	(1,897,851)
Net cash outflow from other long-term creditors		100	900,000
CHANGE IN NET DEBT	24.c	<u>(1,276,238)</u>	<u>(491,175)</u>
NET DEBT AT 1 JUNE 2003	24.c	<u>(5,984,601)</u>	<u>(5,493,426)</u>
NET DEBT AT 31 MAY 2004	24.c	<u>(7,260,839)</u>	<u>(5,984,601)</u>

Levelcrown Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

The company and its subsidiary undertaking comprise a medium sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts. These financial statements therefore present information about the company as an individual and not about its group.

TURNOVER

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

GOODWILL

In accordance with FRS 10, the directors have concluded that goodwill arising on the acquisition of the trade and assets of certain unincorporated businesses and on the acquisition of subsidiary undertakings should not be amortised as it has an indefinite useful economic life.

Each of these investments is considered to have an indefinite life that can be demonstrated, and the value of the goodwill can be readily measured. The dispensing chemists industry, in which the company operates, has high market entry barriers due to the nature of licence agreements with local health authorities and the limited number available in the marketplace. The value of the business can be ascertained by reference to the current value of goodwill which is payable in the market based on a price per £ in relation to the levels of turnover for each individual pharmacy. The directors undertake an annual impairment review of goodwill.

The company has not amortised this goodwill, a departure from the Companies Act 1985, paragraph 21 of Schedule 4, for the over-riding purpose of giving a true and fair view of the company's results, for the reasons outlined above. Amortisation is only one factor affecting the value of goodwill and the directors have concluded that it is not possible to quantify the effect of not amortising goodwill.

Where the trade and assets of subsidiaries are hived up post acquisition, any pre hive up distributable reserves are set against the cost of acquisition.

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:

FIXED ASSETS

All fixed assets are initially recorded at cost.

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:

Freehold Property	-	2% straight line
Fixtures & Fittings	-	25% reducing balance
Motor Vehicles	-	25% reducing balance

Levelcrown Limited

ACCOUNTING POLICIES

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 on a straight-line basis over the period of the lease.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

RETIREMENT BENEFITS

The company operates a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

CONSOLIDATION

The company has not prepared consolidated accounts in view of the immateriality of the financial position of the company's subsidiary undertakings as permitted by FRS 2.

Levelcrown Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2004

1 TURNOVER

The company's turnover was derived from its principal activity. The entire turnover is derived from within the United Kingdom.

2 ANALYSIS OF COST OF SALES AND NET OPERATING EXPENSES

	Continuing Operations £	Acquired Operations £	Total £
Year ended 31 May 2004			
Cost of sales	<u>11,530,391</u>	<u>778,432</u>	<u>12,308,823</u>
Administrative expenses	3,216,306	183,219	3,399,525
Other operating income (Note 3)	(7,050)	-	(7,050)
Net operating expenses	<u>3,209,256</u>	<u>183,219</u>	<u>3,392,475</u>
Year ended 31 May 2003			
Cost of sales	<u>9,503,518</u>	<u>1,205,005</u>	<u>10,708,523</u>
Administrative expenses	2,700,142	292,476	2,992,618
Other operating income (Note 3)	(10,567)	-	(10,567)
Net operating expenses	<u>2,689,575</u>	<u>292,476</u>	<u>2,982,051</u>

3 OTHER OPERATING INCOME

	2004 £	2003 £
Rent receivable	<u>7,050</u>	<u>10,567</u>

4 OPERATING PROFIT

Operating profit is stated after charging:

	2004 £	2003 £
Amortisation	188	-
Depreciation of owned fixed assets	36,537	42,334
Loss on disposal of fixed assets	1,021	-
Auditors' remuneration		
- as auditors	6,250	4,250
Operating lease costs:		
Land and buildings	<u>232,638</u>	<u>188,888</u>

5 INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2004 £	2003 £
Post acquisition profits received from group undertaking	<u>-</u>	<u>20,836</u>

Levelcrown Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2004

6 INVESTMENT INCOME

	2004	2003
	£	£
Bank interest receivable	2,732	3,734
Other interest receivable	497	-
	<u>3,229</u>	<u>3,734</u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Interest payable on bank borrowing	322,691	278,464
Other similar charges payable	2,151	-
	<u>324,842</u>	<u>278,464</u>

8 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2004	2003
	No	No
Average number of staff (including directors)	<u>183</u>	<u>163</u>

The aggregate payroll costs of the above were:

	2004	2003
	£	£
Wages and salaries	2,167,831	1,895,474
Social security costs	-	-
Other pension costs	19,176	20,705
	<u>2,187,007</u>	<u>1,916,179</u>

9 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2004	2003
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2003 - 30%)	233,867	154,151
Over/under provision in prior year	(7,505)	3,597
	<u>226,362</u>	<u>157,748</u>
Interest on overdue tax paid	-	110
Total current tax	<u>226,362</u>	<u>157,858</u>
Deferred tax:		
Origination and reversal of timing differences	(19,340)	(4,508)
Tax on profit on ordinary activities	<u>207,022</u>	<u>153,350</u>

Levelcrown Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 May 2004

9 TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 30% (2003 - 30%).

	2004 £	2003 £
Profit on ordinary activities before taxation	<u>710,261</u>	<u>456,758</u>
Profit/(loss) on ordinary activities by rate of tax	213,078	137,027
Disallowable expenses	8,772	15,131
Group relief	(5,136)	-
Depreciation in excess of capital allowances	20,719	905
Other tax adjustments	(3,566)	1,088
Interest on overdue tax	-	110
Under/(over) provision in prior year	<u>(7,505)</u>	<u>3,597</u>
Total current tax (note 9(a))	<u>226,362</u>	<u>157,858</u>

10 INTANGIBLE FIXED ASSETS

	Goodwill £	Lease Premium £	Total £
Cost			
At 1 June 2003	5,491,366	4,500	5,495,866
Additions	<u>1,763,959</u>	<u>-</u>	<u>1,763,959</u>
At 31 May 2004	<u>7,255,325</u>	<u>4,500</u>	<u>7,259,825</u>
Amortisation			
Charge for the year	-	188	188
At 31 May 2004	<u>-</u>	<u>188</u>	<u>188</u>
Net book value			
At 31 May 2004	<u>7,255,325</u>	<u>4,312</u>	<u>7,259,637</u>
At 31 May 2003	<u>5,491,366</u>	<u>4,500</u>	<u>5,495,866</u>

Levelcrown Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2004

11 TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost				
At 1 June 2003	—	231,281	32,434	263,715
Additions	56,000	—	—	56,000
Disposals	—	—	(3,000)	(3,000)
At 31 May 2004	<u>56,000</u>	<u>231,281</u>	<u>29,434</u>	<u>316,715</u>
Depreciation				
At 1 June 2003	—	106,711	11,729	118,440
Charge for the year	560	31,143	4,834	36,537
On disposals	—	—	(1,629)	(1,629)
At 31 May 2004	<u>560</u>	<u>137,854</u>	<u>14,934</u>	<u>153,348</u>
Net book value				
At 31 May 2004	<u>55,440</u>	<u>93,427</u>	<u>14,500</u>	<u>163,367</u>
At 31 May 2003	<u>—</u>	<u>124,570</u>	<u>20,705</u>	<u>145,275</u>

12 INVESTMENTS

	Share in group undertakings £
Cost	
At 1 June 2003 and 31 May 2004	<u>902</u>
Net book value	
At 31 May 2004	<u>902</u>
At 31 May 2003	<u>902</u>

The directors are of the opinion that the market value of shares in group undertakings are worth at least the amounts shown above.

All investments are in unlisted United Kingdom companies.

Levelcrown Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2004

12 INVESTMENTS *(continued)*

The company owns 100% of the issued share capital of the companies listed below:

Aggregate capital and reserves	2004 £	2003 £
J & N Cohen Limited	1,000	1,000
Gamecrest Limited	(744)	15,848
F M Rimmington Limited	16,800	16,800
M Hacking Limited	10,000	10,000
Rodney Lee Limited	100	100
Torbron Limited	1,000	1,000
Surecontent Limited	100	100
Kasumba Enterprises Limited	100	100
Profit/(loss) for the year		
J & N Cohen Limited	-	-
Gamecrest Limited	(16,592)	(4,021)
F M Rimmington Limited	-	-
M Hacking Limited	-	-
Rodney Lee Limited	-	-
Torbron Limited	35,033	-
Surecontent Limited	-	-
Kasumba Enterprises Limited	28,715	-

On 1 December 2003 the company acquired the trade and assets of Kasumba Enterprises Limited and in a separate transaction on the same date also acquired the trade and assets of Torbron Limited and Surecontent Limited. Goodwill arose on these acquisitions as follows:

	Kasumba Enterprises Limited £	Torbron Limited & Surecontent Limited £	Total £
Net cash consideration	850,873	1,135,546	1,986,419
Identifiable assets and liabilities acquired at fair value:			
- Tangible fixed assets	-	56,000	56,000
- Stocks	50,990	57,644	108,634
- Debtors	175,514	491,403	666,917
- Cash	23,531	1,464	24,995
- Creditors	(139,863)	(494,223)	(634,086)
	110,172	112,288	222,460
Goodwill	740,701	1,023,258	1,763,959

13 STOCKS

	2004 £	2003 £
Finished goods	1,468,865	1,263,014

Levelcrown Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2004

14 DEBTORS

	2004	2003
	£	£
Trade debtors	2,805,543	1,515,950
Amounts owed by group undertakings	11,671	3,806
Other debtors	154,126	186,392
Prepayments and accrued income	157,179	152,442
Deferred taxation (note 18)	16,824	—
	<u>3,145,343</u>	<u>1,858,590</u>

Included in other debtors is £2 (2003: £2) in respect of unpaid share capital due from Mr A I Patel and Mr Y I Patel.

15 CREDITORS: Amounts falling due within one year

	2004	2003
	£	£
Bank loans and overdrafts	875,147	1,395,696
Trade creditors	2,659,961	1,057,278
Amounts owed to group undertakings	10,000	10,000
Amounts owed to undertakings in which the company has a participating interest	19,100	53,527
Corporation tax	197,273	154,151
Other taxation and social security	40,901	39,915
Other creditors	586,870	746,310
Accruals and deferred income	169,372	124,890
	<u>4,558,624</u>	<u>3,581,767</u>

The bank loans and overdraft are secured by a fixed and floating charge over the company's assets, including a fixed charge over goodwill. A third party also acts as guarantor in relation to certain loan balances. Interest is levied at 1% above base rate on capital borrowed of £3,853,000 and 1.25% above base rate on capital borrowed of £3,180,000.

16 CREDITORS: Amounts falling due after more than one year

	2004	2003
	£	£
Bank loans and overdrafts	<u>6,445,694</u>	<u>5,364,654</u>

17 CREDITORS - MATURITY OF DEBT

Creditors include bank loans that are due for repayment as follows:

	2004	2003
	£	£
Amounts repayable:		
In one year or less or on demand	602,194	493,696
In more than one year but not more than two years	636,768	518,234
In more than two years but not more than five years	2,138,177	1,714,719
In more than five years	3,670,749	3,131,701
	<u>7,047,888</u>	<u>5,858,350</u>

Levelcrown Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2004

18 DEFERRED TAXATION

	2004 £	2003 £
The movement in the deferred taxation account during the year was:		
Balance brought forward	2,516	7,024
Profit and loss account movement arising during the year	(19,340)	(4,508)
Deferred tax (asset)/liability carried forward	<u>(16,824)</u>	<u>2,516</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2004 £	2003 £
Excess of taxation allowances over depreciation on fixed assets	<u>(16,824)</u>	<u>(2,516)</u>

19 COMMITMENTS UNDER OPERATING LEASES

At 31 May 2004 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2004 £	2003 £
Operating leases which expire:		
Within 1 year	30,800	59,275
Within 2 to 5 years	13,500	-
After more than 5 years	187,418	167,208
	<u>231,718</u>	<u>226,483</u>

20 RELATED PARTY TRANSACTIONS

Included in other debtors are amounts due from parties related by virtue of common control:

- Prinwest Limited -£7,364 (2003 - debtor £9,036).

Included in other debtors are amounts due from group companies:

- Gamecrest Limited- £11,671 (2003 - £3,806)

Included in other creditors are amounts owed to the following parties related by virtue of common control:

- Gorgemead Limited - £34,217 (2003 - £265,860)

- Scholes (Chemists) Limited - £418,613 (2003 - £338,324)

- Makan Investments Limited - £130,401 (2003 - £130,401)

- Wardcare Limited - £1,579 (2003 - debtor £6,048)

Included in other creditors are amounts owed to the following group companies:

- Rodney Lee Limited - £100 (2003 - £35,727)

- FM Rimmington Limited - £16,800 (2003 - £16,800)

- J&N Cohen Limited -£1,000 (2003 - £1,000)

- M Hacking Limited - £10,000 (2003 - £10,000)

- Kasumba Enterprises - £100 (2003 - Nil)

- Torbron Limited - £1,000 (2003 - Nil)

Levelcrown Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 May 2004

21 SHARE CAPITAL

	2004 £	2003 £
Authorised:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and unpaid:		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

22 PROFIT AND LOSS ACCOUNT

	2004 £	2003 £
At 1 June 2003	590,457	287,049
Retained profit for the financial year	503,239	303,408
At 31 May 2004	<u>1,093,696</u>	<u>590,457</u>

23 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit for the financial year	503,239	303,408
Opening shareholders' equity funds	590,459	287,051
Closing shareholders' equity funds	<u>1,093,698</u>	<u>590,459</u>

24 CASH FLOWS

a Reconciliation of operating profit to net cash inflow from operating activities

	2004 £	2003 £
Operating profit	1,031,874	710,652
Amortisation	188	—
Depreciation	36,537	42,334
Loss on disposal of fixed assets	1,021	—
Increase in stocks	(205,851)	(148,583)
(Increase)/decrease in debtors	(1,269,829)	408,267
Increase in creditors	1,454,284	251,215
Net cash inflow from operating activities	<u>1,048,224</u>	<u>1,263,885</u>

b Analysis of cash flows for headings netted in the cash flow

Returns on investment and servicing of finance

	2004 £	2003 £
Income from group undertakings	—	20,836
Interest received	3,229	3,734
Interest paid	(324,842)	(278,464)
Net cash outflow from returns on investments and servicing of finance	<u>(321,613)</u>	<u>(253,894)</u>

Levelcrown Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 May 2004

24 CASH FLOWS *(continued)*

Taxation

	2004	2003
	£	£
Taxation	<u>(183,240)</u>	<u>(38,929)</u>

Capital expenditure

	2004	2003
	£	£
Payments to acquire intangible fixed assets	(1,763,959)	(1,408,350)
Payments to acquire tangible fixed assets	(56,000)	(52,987)
Receipts from sale of fixed assets	350	—
Net cash outflow from capital expenditure	<u>(1,819,609)</u>	<u>(1,461,337)</u>

Financing

	2004	2003
	£	£
Increase in bank loans	1,081,040	1,897,851
Net outflow from other long-term creditors	(100)	(900,000)
Net cash inflow from financing	<u>1,080,940</u>	<u>997,851</u>

c Analysis of net debt

	At 1 Jun 2003	Cash flows	At 31 May 2004
	£	£	£
Cash in hand and at bank	775,749	(715,847)	59,902
Overdrafts	<u>(1,395,696)</u>	<u>520,549</u>	<u>(875,147)</u>
	<u>(619,947)</u>	<u>(195,298)</u>	<u>(815,245)</u>
Debt due after 1 year	<u>(5,364,654)</u>	<u>(1,080,940)</u>	<u>(6,445,594)</u>
Total	<u>(5,984,601)</u>	<u>(1,276,238)</u>	<u>(7,260,839)</u>

25 CONTROL

The company is under the ultimate control of the directors.

26 POST BALANCE SHEET EVENTS

On 2 June 2004 the company acquired a pharmacy business for a total consideration of £900,000.