

**REGISTRAR OF
COMPANIES**

35811000

Henry Schein UK Finance Limited

Report and Financial Statements

Year ended

31 December 2000



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BDO Stoy Hayward
Chartered Accountants

HENRY SCHEIN UK FINANCE LIMITED

Annual report and financial statements for the year ended 31 December 2000

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Directors

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Directors

R Cross
S Getraer
S Paladino
M Zack

Secretary and registered office

P Dodd, 8 Baker Street, London, W1U 3LL.

Company number

3587006

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

HENRY SCHEIN UK FINANCE LIMITED

Report of the directors for the year ended 31 December 2000

The directors present their report together with the audited financial statements for the year ended 31 December 2000.

Results and dividends

The profit and loss account is set out on page 5 and shows the result for the year.

The directors recommended the payment of a final dividend of £Nil (1999 - £2 million).

Principal activities, trading review and future developments

The principal activity of the group is that of the sale and distribution of dental consumables and pharmaceuticals by mail order.

The group traded satisfactorily during the year and the directors are confident that sales will continue to grow and that trading conditions will improve profitability.

Employee involvement

Members of the management team regularly discuss matters of current interest and concern to the business with members of staff.

Employment of disabled persons

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

Directors

None of the directors has any interest in the ordinary share capital of the company nor in the shares of any of the subsidiaries.

The directors of the company during the year were:

Michael Zack
Steven Paladino
Steven Getraer
Mark Ridout
Richard Cross

(appointed 26 October 2000, resigned 9 February 2001)
(appointed 23 April 2001)

HENRY SCHEIN UK FINANCE LIMITED

Report of the directors for the year ended 31 December 2000 (*Continued*)

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 and the group and of the profit or loss of the group for that year. 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; and
- 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 the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board



P Dodd

Secretary

Date 17 JULY 2001

HENRY SCHEIN UK FINANCE LIMITED

Report of the independent auditors

To the shareholders of Henry Schein UK Finance Limited

We have audited the financial statements of Henry Schein UK Finance Limited on pages 5 to 23 which have been prepared under the accounting policies set out on pages 10 and 11.

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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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.

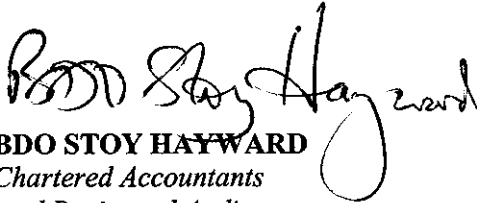
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

HENRY SCHEIN UK FINANCE LIMITED

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2000 and of the result of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditors*
London

17 July 2001

HENRY SCHEIN UK FINANCE LIMITED

Consolidated profit and loss account for the year ended 31 December 2000

	Note	Continuing Operations 2000 £	Discontinued operations 2000 £	Total 2000 £	Total 1999 £
Turnover	2	63,730,369	652,229	64,382,598	66,189,180
Cost of sales		43,250,235	342,866	43,593,101	44,596,923
Gross profit		20,480,134	309,363	20,789,497	21,592,257
Distribution costs		1,931,445	9,842	1,941,287	1,919,182
Administrative expenses					
- restructuring		1,775,260	137,644	1,912,904	
- other		15,872,945	700,337	16,573,282	17,940,630
Other operating income	4	900,484 12,675	(538,460) -	362,024 12,675	1,732,445 333,300
Operating profit/(loss)		913,159	(538,460)	374,699	2,065,745
Loss on disposal of discontinued operations	5			514,132	-
(Loss)/profit on ordinary activities before interest				(139,433)	2,065,745
Interest receivable				115,443	5,499
Interest payable	6			1,226,519	924,148
(Loss)/profit on ordinary activities before taxation	7			(1,250,509)	1,147,096
Taxation on profit on ordinary activities	9			262,705	896,806
(Loss)/profit on ordinary activities after taxation				(1,513,214)	250,290
Minority interests				467,210	304,752
Dividends				-	2,000,000
Retained loss	18			(1,980,424)	(2,054,462)

All amounts relate to continuing activities.

The notes on pages 10 to 23 form part of these financial statements

HENRY SCHEIN UK FINANCE LIMITED**Consolidated statement of total recognised gains and losses for the year ended 31 December 2000**

	Note	2000 £	1999 £
Loss for the financial year		(1,980,424)	(2,054,462)
Exchange translation differences on foreign currency net investments in subsidiary undertakings	18	-	5,312
Total recognised gains and losses for the year		(1,980,424)	(2,049,150)

The notes on pages 10 to 23 form part of these financial statements

HENRY SCHEIN UK FINANCE LIMITED

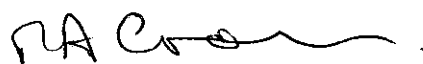
Consolidated balance sheet at 31 December 2000

	Note	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Intangible assets - Other intangibles	10		4,530,253		4,975,682
- Negative goodwill	10		(1,279,331)		(1,350,405)
Tangible assets	11		2,110,653		2,461,209
Current assets					
Stocks	13	10,619,174		9,781,485	
Debtors	14	13,244,451		31,357,717	
Cash at bank and in hand		<u>4,280,837</u>		<u>8,993,255</u>	
		28,144,462		50,132,457	
Creditors: amounts falling due within one year	15	<u>17,368,720</u>		<u>45,257,678</u>	
Net current assets			10,775,742		4,874,779
Total assets less current liabilities			16,137,317		10,961,265
Creditors: amounts falling due after more than one year	16		17,282,768		11,884,660
Provision for liabilities and charges			2,680		-
			<u>(1,148,131)</u>		<u>(923,395)</u>
Capital and reserves					
Called up share capital	17		1,348,198		256,346
Profit and loss account	18		<u>(3,411,820)</u>		<u>(1,993,597)</u>
Shareholders' funds	19		(2,063,622)		(1,737,251)
Minority interests			915,491		813,856
			<u>(1,148,131)</u>		<u>(923,395)</u>

All items under capital and reserves represent equity interests.

The financial statements were approved by the Board on 17-7-2001.

R Cross
Director


17/7/2001

The notes on pages 10 to 23 form part of these financial statements

HENRY SCHEIN UK FINANCE LIMITED

Balance sheet at 31 December 2000

	Note	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Investments	12		256,344		256,344
Current assets					
Debtors	14	11,305,690		11,649,752	
Cash		230,664		20,250	
		<u>11,536,354</u>		<u>11,670,002</u>	
Creditors: amounts falling due within one year	15	<u>2,618,800</u>		<u>3,154,421</u>	
Net current assets			<u>8,917,554</u>		<u>8,515,581</u>
Total assets less current liabilities			<u>9,173,898</u>		<u>8,771,925</u>
Creditors: amounts falling due after more than one year	16		<u>9,150,000</u>		<u>9,150,000</u>
			<u>23,898</u>		<u>(378,075)</u>
Capital and reserves					
Called up share capital	17		1,348,198		256,346
Share premium account	18		-		-
Profit and loss account	18		(1,324,300)		(634,421)
Shareholders' funds	19		<u>23,898</u>		<u>(378,075)</u>

All items under capital and reserves represent equity interests.

The financial statements were approved by the Board on 17th July 2001

R Cross
Director

RA Cross

The notes on pages 10 to 23 form part of these financial statements

HENRY SCHEIN UK FINANCE LIMITED

Consolidated cash flow statement for the year ended 31 December 2000

	Note	2000 £	2000 £	1999 £	1999 £
Net cash inflow from operating activities	21		4,033,560		12,171,022
Returns on investments and servicing of finance					
Interest received		115,443		5,499	
Interest paid		(1,410,655)		(905,046)	
Interest element of finance lease rentals payments		(7,424)		(19,102)	
			(1,302,635)		(918,649)
Taxation			(713,745)		(918,770)
Capital expenditure and financial investment					
Payments to acquire intangible fixed assets		(327,608)		(1,866,811)	
Purchase of tangible fixed assets		(707,872)		(364,771)	
Sale of tangible fixed assets		88,702		22,452	
			(946,778)		(2,209,130)
Acquisitions and disposals					
Purchase of subsidiary undertakings		-		(6,979,332)	
Cash acquired with subsidiary		-		216,521	
			-		(6,762,811)
Equity dividend paid			-		(2,000,000)
Cash outflow before use of liquid resources and financing			1,070,402		(638,338)
Financing					
Capital element of finance lease rental payments		(70,651)		(95,461)	
Repayment of loans less than one year		(244,000)		(98,445)	
Issue share capital		1,091,852		-	
Loan from parent undertaking		5,500,000		-	
			6,277,201		(193,906)
Increase/(decrease) in cash	22		7,347,603		(832,244)

The notes on pages 10 to 23 form part of these financial statements

HENRY SCHEIN UK FINANCE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000

1 Accounting policies

There have been no changes in accounting policies during the year.

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiary undertakings made up to 31 December 2000. The group uses the acquisition method of accounting to consolidate the results of subsidiary undertakings from the date of acquisition.

A separate profit and loss account dealing with the results of the parent undertaking only has not been presented as permitted under Section 230 of the Companies Act 1985.

Goodwill

Goodwill arising on the acquisition of a subsidiary is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is amortised through the profit and loss account over the directors' estimate of its useful economic life. As permitted by FRS10, goodwill arising on previous acquisitions has not been reinstated to intangible fixed assets from reserves.

Development costs

Expenditure on internal research projects is charged to the profit and loss account in the year in which it is incurred. Costs of developing products for marketing are capitalised to the extent that such products will be profitably marketed. Costs are amortised evenly over their expected useful life once the products are marketed.

Licences

Costs incurred in acquiring licences are capitalised and amortised over the length of the licence.

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated at the following rates:

Freehold and leasehold properties	-	4% per annum
Computer equipment	-	25% per annum
Fixtures, fittings, tools and equipment	-	20% and 33% per annum
Motor vehicles	-	25% and 33% per annum

HENRY SCHEIN UK FINANCE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

1 Accounting policies (*Continued*)

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to disposal.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, except that no provision is made where it can be reasonably foreseen that such deferred taxation will not be payable in the future.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations under finance leases and hire purchase contracts. Depreciation on the relevant assets is charged to the profit and loss account.

All other leases are treated as 'operating leases'. Their annual rentals are charged to the profit and loss account on a straight-line basis over the lease term.

Pension costs

Pension scheme contributions are charged to operating profits as they arise.

HENRY SCHEIN UK FINANCE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

2 Turnover and profits

The turnover and profit before taxation is wholly attributable to the sale of dental consumables, computer equipment and pharmaceuticals.

Analysis by market:	Turnover 2000 £	Turnover 1999 £
UK	62,813,200	64,658,014
Rest of Europe	651,828	645,997
Rest of the World	917,570	885,169
	<u>64,382,598</u>	<u>66,189,180</u>

3 Employees

	2000 £	1999 £
Staff costs consist of:		
Wages and salaries	8,158,629	5,885,868
Social security costs	732,915	571,014
Other pension costs	164,649	112,653
	<u>9,056,193</u>	<u>6,569,535</u>
The average number of employees during the year was:	Number	Number
	<u>359</u>	<u>305</u>

4 Other operating income

The other operating income relates to income earned for the marketing and distribution of products.

HENRY SCHEIN UK FINANCE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (Continued)

5 Disposals

Group

On 1 December 2000 Henry Schein Technologies Limited disposed of the intellectual property rights associated with the business of Dental Systems Design Limited.

	£
Cash consideration	243,000
Development costs disposed	(194,931)
Goodwill disposed	(562,201)
	<hr/>
Loss on disposal	514,132
	<hr/>

6 Interest payable

	2000 £	1999 £
Bank loans and overdrafts	420,769	13,799
Hire purchase interest	7,424	19,102
Other loans	798,326	891,247
	<hr/>	<hr/>
	1,226,519	924,148
	<hr/>	<hr/>

7 Profit on ordinary activities before taxation

	2000 £	1999 £
This is arrived at after charging/(crediting):		
Auditors' remuneration - audit services	152,949	108,974
Hire of plant and machinery - operating leases	11,143	12,328
Hire of other assets - operating leases	278,779	89,562
Depreciation of tangible fixed assets	689,107	675,139
Amortisation of intangible assets	507,032	306,834
Exchange differences	53,402	-
Directors' emoluments (note 7)	210,646	375,269
Loss on disposal of tangible fixed assets	280,617	8,627
	<hr/>	<hr/>

Depreciation includes £63,508 (1999 - £42,526) charged on assets held under finance leases and hire purchase contracts.

HENRY SCHEIN UK FINANCE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

8 Directors' emoluments

	2000 £	1999 £
Emoluments	210,646	367,103
Pensions to present and former directors	-	8,166
	<u>210,646</u>	<u>375,269</u>
Emoluments (excluding pension contributions) of: Highest paid director	<u>172,393</u>	<u>94,259</u>

The company's contribution towards the defined contribution scheme on behalf of the highest paid director was £Nil for the year (1999 - £Nil).

9 Taxation on profit on ordinary activities

	2000 £	1999 £
UK corporation tax	227,268	896,806
Adjustment relating to prior year	35,437	-
	<u>262,705</u>	<u>896,806</u>

HENRY SCHEIN UK FINANCE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

10 Intangible assets

Group

	Negative goodwill £	Goodwill £	Development costs £	Licences £	Total £
<i>Cost</i>					
At 1 January 2000	(1,421,479)	4,614,420	735,213	408,465	4,336,619
Additions	-	150,770	176,838	-	327,608
Revaluation	-	-	(524,771)	-	(524,771)
At 31 December 2000	(1,421,479)	4,765,190	387,280	408,465	4,139,456
<i>Amortisation</i>					
At 1 January 2000	(71,074)	312,036	368,264	102,116	711,342
Provision for year	(71,074)	353,365	173,683	51,058	507,032
Revaluation	-	-	(329,840)	-	(329,840)
At 31 December 2000	(142,148)	665,401	212,107	153,174	888,534
<i>Net book value</i>					
At 31 December 2000	(1,279,331)	4,099,789	175,173	255,291	3,250,922
At 31 December 1999	(1,350,405)	4,302,384	366,949	306,349	3,625,277

During the year additional consideration of £150,770 was paid for the business of Dental Discount Supplies, originally acquired on 4 January 1998.

HENRY SCHEIN UK FINANCE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

11 Tangible assets

Group	Freehold buildings £	Short term lease £	Computer equipment £	Fixtures, fittings, tools and equipment £	Motor vehicles £	Total £
<i>Cost</i>						
At 1 January 2000	152,500	1,715,773	2,287,956	1,082,986	605,130	5,844,345
Additions	-	183,615	345,055	96,068	83,134	707,872
Disposals	-	(281,313)	(161,286)	(30,486)	(221,983)	(695,068)
At 31 December 2000	152,500	1,618,075	2,471,725	1,148,568	466,281	5,857,149
<i>Depreciation</i>						
At 1 January 2000	29,483	650,413	1,507,856	919,212	276,172	3,383,136
Provided for the year	6,100	189,151	248,380	96,520	148,956	689,107
Disposals	-	(145,551)	(21,930)	(11,702)	(146,564)	(325,749)
At 31 December 2000	35,583	694,013	1,734,306	1,004,030	278,564	3,746,494
<i>Net book value</i>						
At 31 December 2000	116,917	924,062	737,419	144,538	187,717	2,110,653
At 31 December 1999	123,017	1,065,360	780,100	163,774	328,958	2,461,209

The net book value of tangible fixed assets includes an amount of £162,645 (1999 - £162,946) in respect of assets held under finance leases and hire purchase contracts.

HENRY SCHEIN UK FINANCE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

12 Fixed asset investments - Company

£

Shares in subsidiary undertakings at cost
At 1 January 2000 and at 31 December 2000

256,344

The following were subsidiary undertakings at the end of the year and have been included in the consolidated accounts. All companies are registered in Great Britain except for Henry Schein (Ireland) Limited which is registered in Ireland. Investments are valued at cost as they do not have an easily discernable market value.

Name	Proportion of voting rights and ordinary share capital held	Nature of business
Henry Schein UK Holdings Limited	100%	Holding company
* BDG UK Holdings Limited	100%	Dormant
* Kent Dental Limited	100%	Dormant
* Henry Schein Rexodent Limited	100%	Supplier of dental consumables
* Ethicare Limited	100%	Dormant
* Budget Dental Supplies Limited	100%	Supplier of dental consumables
* Blackwell Supplies Limited	100%	Supplier of anaesthetics
* Dental Express (Supplies) Limited	100%	Dormant
* Inter-Dental Equipment Limited	100%	Dormant
* Zahn Dental Supplies Limited	66.67%	Supplier of dental consumables
* Quayle Dental Manufacturing Limited	100%	Supplier of dental consumables and equipment
* Henry Schein KM Limited	52.5%	Supplier of dental consumables and equipment
* Henry Schein (Ireland) Limited	52.5%	Supplier of dental consumables and equipment
* Henry Schein Technologies Limited	100%	Supplier of dental computer systems
* Clockwork Systems Limited	100%	Dormant
* BA International Limited	75%	Sale and repair of dental hand pieces and related products
* BA (Deutschland) Limited	75%	Sale and repair of dental hand pieces and related products
* BA (Belgie) Limited	75%	Dormant
* Henry Schein Technologies (Ireland) Limited		55% Suppliers of dental computer systems
* B A Dental Europa SA	58.5%	Sale and repair of dental hand pieces and related products
* Civilscene Limited	51%	Dormant
* Specorder Limited	51%	Dormant
* Dental Systems Design Limited	100%	Dormant
* Kent Express Limited	100%	Supplier of dental consumables
* Porter Nash Limited	51%	Supplier of clinical and medical equipment

* indirectly held

HENRY SCHEIN UK FINANCE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 *(Continued)*

13 Stocks

	2000 Group £	2000 Company £	1999 Group £	1999 Company £
Finished goods and goods for resale	10,619,174	-	9,781,485	-

The directors do not consider the replacement value of stocks to be materially different from the above.

14 Debtors

	2000 Group £	2000 Company £	1999 Group £	1999 Company £
Trade debtors	11,189,731	-	10,927,900	-
Amounts owed by group undertakings	656,897	11,150,002	18,003,532	11,150,002
Other debtors	745,245	-	1,555,952	-
Prepayments and accrued income	496,890	-	870,333	-
ACT debtor	155,688	155,688	-	499,750
	13,244,451	11,305,690	31,357,717	11,649,752

All amounts shown under debtors fall due for payment within one year.

15 Creditors: amounts falling due within one year

	2000 Group £	2000 Company £	1999 Group £	1999 Company £
Bank loans and overdraft (secured)	51,495	-	12,255,928	-
Trade creditors	8,138,331	-	6,923,158	-
Amounts owed to parent and group undertakings	5,114,927	2,618,800	19,761,650	3,154,421
Corporation tax	249,122	-	700,262	-
Obligations under finance lease and hire purchase contracts	45,554	-	113,902	-
Social security and other taxes	324,014	-	232,307	-
Proposed dividends	600,744	-	328,809	-
Accruals and deferred income	2,844,533	-	3,621,997	-
Other creditors	-	-	1,319,665	-
	17,368,720	2,618,800	45,257,678	3,154,421

The bank overdraft is secured by a fixed and floating charge over the assets of the group.

HENRY SCHEIN UK FINANCE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (Continued)

16 Creditors: amounts falling due after more than one year

	2000 Group £	2000 Company £	1999 Group £	1999 Company £
Bank loans (secured)	478,053	-	577,642	-
Amounts owed to parent undertaking	16,767,648	9,150,000	11,267,648	9,150,000
Obligations under finance leases and hire purchase contracts	37,067	-	39,370	-
	<u>17,282,768</u>	<u>9,150,000</u>	<u>11,884,660</u>	<u>9,150,000</u>

Bank loans are repayable as follows:

Within 1-2 years	164,000	-	144,411	-
Within 2-5 years	314,053	-	433,231	-
	<u>478,053</u>	<u>-</u>	<u>577,642</u>	<u>-</u>

All amounts are repayable in instalments and are secured by a fixed and floating charge over the assets of the group.

Interest is payable at a rate between 1¼%-2% above the Royal Bank of Scotland base rate, subject to a minimum rate of 5.75%.

	2000 Group £	2000 Company £	1999 Group £	1999 Company £
Obligations under finance leases and hire purchase contracts due as follows:				
Between one and two years	32,770	-	27,405	-
Between two to five years	4,297	-	11,965	-
	<u>37,067</u>	<u>-</u>	<u>39,370</u>	<u>-</u>

HENRY SCHEIN UK FINANCE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (Continued)

17 Share capital

	2000 Number	Authorised 1999 Number	2000 £	1999 £
Ordinary 'A' shares of £1 each	1,884,620	184,620	1,884,620	184,620
Ordinary 'B' shares of £1 each	115,380	115,380	115,380	115,380
	<u>2,000,000</u>	<u>300,000</u>	<u>2,000,000</u>	<u>300,000</u>
	2000 Number	Allotted, called up and fully paid 1999 Number	2000 £	1999 £
Ordinary 'A' shares of £1 each	1,232,818	140,966	1,232,818	140,966
Ordinary 'B' shares of £1 each	115,380	115,380	115,380	115,380
	<u>1,348,198</u>	<u>256,346</u>	<u>1,348,198</u>	<u>256,346</u>

On 30 December 2000 1,091,852 ordinary shares of £1 each were issued at par.

The rights of the shares are pari passu except that each share confers the holders to appoint 'A' and 'B' directors respectively.

18 Reserves

	Profit and loss account £
Group	
At 1 January 2000	(1,993,597)
Loss for the year	(1,980,424)
Disposal of goodwill previously written off to reserves (note 5)	562,201
	<u>(3,411,820)</u>
At 31 December 2000	<u>(3,411,820)</u>
Company	
At 1 January 2000	(634,421)
Loss for the year	(689,879)
	<u>(1,324,300)</u>
At 31 December 2000	<u>(1,324,300)</u>

HENRY SCHEIN UK FINANCE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

18 Reserves (*Continued*)

The cumulative goodwill which has been eliminated against reserves is £2,314,942 (1999 - £2,987,926).

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not included in these financial statements. The amount of the distributable loss for the year dealt with in the financial statements of the parent company is £698,879 (1999 - £634,421).

19 Reconciliation of movements in shareholders' funds

	2000 Group £	2000 Company £	1999 Group £	1999 Company £
Loss for the year	(1,980,424)	(689,879)	(2,054,462)	(634,421)
Translation difference on foreign currency net investments in subsidiary undertakings	562,201	-	5,312	-
Disposal of goodwill previously written off to reserves				
Share capital issued in year	1,091,852	1,091,852	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net (reduction)/addition to shareholders' funds	(326,371)	401,973	(2,049,150)	(634,421)
Opening shareholders' funds	(1,737,251)	(378,075)	311,899	256,346
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Closing shareholders' funds	<u>(2,063,622)</u>	<u>23,898</u>	<u>(1,737,251)</u>	<u>(378,075)</u>

20 Commitments under operating leases

As at 31 December 2000, the company had annual commitments under non-cancellable operating leases as set out below:

	2000 Land and buildings £	2000 Other £	1999 Land and buildings £	1999 Other £
Operating leases which expire:				
Within one year	-	29,601	19,800	-
Two to five years	63,025	144,417	38,150	11,222
Over five years	660,338	-	490,150	-
	<u>723,363</u>	<u>174,018</u>	<u>548,100</u>	<u>11,222</u>

HENRY SCHEIN UK FINANCE LIMITEDNotes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

21 Reconciliation of operating profit to net cash inflow from operating activities	£
Operating profit	374,699
Depreciation and amortisation	1,196,139
Loss on disposal of tangible fixed assets	280,617
(Increase)/decrease in stocks	(837,690)
Increase in debtors	18,497,304
(Decrease) in creditors	(15,480,189)
Increase provisions	2,680
	<hr/>
Net cash inflow from operating activities	4,033,560
	<hr/>
22 Reconciliation of net cash outflow to movement in net debt	£
	£
Increase in cash in the year	7,347,603
Cash outflow from decrease in debt and lease financing	314,651
	<hr/>
Change in net debt resulting from cash flows	7,662,254
Finance leases acquired during the year	-
Exchange gains	-
	<hr/>
Movement in debt in the year	7,662,254
Opening net debt	(3,993,586)
	<hr/>
Closing net funds	3,668,668
	<hr/>

HENRY SCHEIN UK FINANCE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

23 Analysis of net funds/(debt) shown in the balance sheet

	At 1 January 2000 £	Cash flow £	Other non-cash changes £	At 31 December 2000 £
Cash in hand and at bank	8,993,256	(4,712,419)	-	4,280,837
Overdrafts	(12,111,517)	12,060,022	-	(51,495)
	<u>(3,118,261)</u>	<u>7,347,603</u>	<u>-</u>	<u>4,229,342</u>
Debt due within 1 year	(144,411)	144,411	(164,000)	(164,000)
Debt due after 1 year	(577,642)	99,589	164,000	(314,053)
Finance leases	(153,272)	70,651	-	(82,621)
	<u>(875,325)</u>	<u>314,651</u>	<u>-</u>	<u>(560,674)</u>
Total	<u>(3,993,586)</u>	<u>7,662,254</u>	<u>-</u>	<u>3,668,668</u>

24 Pensions

The group maintains two pension schemes. One scheme, which operates on a defined contribution money purchase basis, provides for the payment of the full contribution by the group. The assets of the scheme are held separately from those of the group in an independently administered fund.

The group also makes contributions to personal pension schemes for employees.

25 Ultimate parent undertaking

Henry Schein Incorporated, incorporated and registered in the USA, is regarded by the directors as being the company's ultimate parent undertaking.

Henry Schein Incorporated is the largest group of which Henry Schein UK Finance Limited is a member and for which group accounts are drawn up.