

# Prinwest Limited

## FINANCIAL STATEMENTS

for the year ended

31 August 2005



# Prinwest Limited

## FINANCIAL STATEMENTS

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# Prinwest Limited

## OFFICERS AND PROFESSIONAL ADVISERS

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### DIRECTORS

A I Patel  
Y I Patel  
M J Kilsby

### SECRETARY

A I Patel

### REGISTERED OFFICE

69 Milkstone Road  
Rochdale  
Lancashire  
OL11 1NT

### AUDITORS

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

# Prinwest Limited

## DIRECTORS' REPORT

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The directors submit their report and financial statements of Prinwest Limited for the year ended 31 August 2005.

### PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of pharmaceutical wholesalers.

### REVIEW OF THE BUSINESS

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

### 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 recommended the following dividends:

	2005	2004
	£	£
Proposed dividend on ordinary shares	<u>2,820,486</u>	<u>2,651,147</u>

### DIRECTORS

The directors who served the company during the year were as follows:

A I Patel  
Y I Patel  
M J Kilsby

None of the directors notified an interest in the shares of the company. Mr Y I Patel holds one ordinary share of £1 as nominee for Gorgemead Limited, the company's ultimate parent undertaking.

### AUDITORS

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

On behalf of the board

Y I Patel  
Director



28 June 2006

# Prinwest Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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 PRINWEST LIMITED**

We have audited the financial statements on pages 6 to 13.

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 (United Kingdom Generally Accepted Accounting Practice) 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**

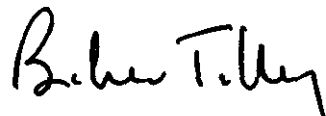
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
PRINWEST LIMITED (continued)

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 August 2005 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  
Brazennose House  
Lincoln Square  
Manchester M2 5BL

29/6/06

**Prinwest Limited**  
**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 August 2005

	<i>Notes</i>	2005 £	2004 £
TURNOVER	1	71,069,968	52,133,897
Cost of sales		62,281,362	46,427,285
Gross profit		8,788,606	5,706,612
Administrative expenses		584,998	661,066
OPERATING PROFIT	2	8,203,608	5,045,546
Interest payable and similar charges	4	5,050	4,196
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		8,198,558	5,041,350
Taxation	5	1,750,148	1,059,174
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		6,448,410	3,982,176
Dividends	6	2,820,486	2,651,147
RETAINED PROFIT FOR THE FINANCIAL YEAR		3,627,924	1,331,029

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

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.



# Prinwest Limited

## BALANCE SHEET

31 August 2005

	Notes	2005 £	2004 £
<b>FIXED ASSETS</b>			
Tangible assets	7	230,169	194,206
<b>CURRENT ASSETS</b>			
Stocks	8	5,760,542	6,771,089
Debtors	9	10,890,006	7,661,620
Cash at bank		1,605,867	2,471,188
		18,256,415	16,903,897
<b>CREDITORS</b>			
Amounts falling due within one year	10	12,229,273	14,449,628
<b>NET CURRENT ASSETS</b>		6,027,142	2,454,269
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,257,311	2,648,475
<b>CREDITORS</b>			
Amounts falling due after more than one year	11	17,429	36,517
		6,239,882	2,611,958
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	16	100	100
Profit and loss account	17	6,239,782	2,611,858
<b>SHAREHOLDERS' FUNDS</b>	18	6,239,882	2,611,958

These financial statements were approved by the directors on the 28 June 2006 and are signed on their behalf by:

A I Patel  
Director

# Prinwest Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

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

### CASH FLOW STATEMENT

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is over 90% owned and its parent publishes a consolidated cash flow statement.

### TURNOVER

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

### 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:

Fixtures & Fittings	- 20% reducing balance
Motor Vehicles	- 15% 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.

### HIRE PURCHASE AGREEMENTS

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

### 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.

### FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates 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.

# Prinwest Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2005

### 1 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2005	2004
	£	£
United Kingdom	<u>71,069,968</u>	<u>52,133,897</u>

### 2 OPERATING PROFIT

Operating profit is stated after charging:

	2005	2004
	£	£
Depreciation of owned fixed assets	21,574	13,232
Depreciation of assets held under hire purchase agreements	17,878	20,884
Loss on disposal of fixed assets	—	13,261
Auditors' remuneration		
- as auditors	6,566	6,044
- for other services	1,050	1,050
Operating lease costs:		
Land and buildings	<u>200,000</u>	<u>217,367</u>

### 3 PARTICULARS OF EMPLOYEES

There were no employees other than directors during the year.

No recharges for staff costs were made during the year by the company's parent undertaking which supplies staff for the company.

Agency staff costs of £76,856 (2004:£110,479) were incurred during the year.

### 4 INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£	£
Interest payable on bank borrowing	198	—
Finance charges	4,852	4,547
Other similar charges payable	—	(351)
	<u>5,050</u>	<u>4,196</u>

### 5 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2005	2004
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 30% (2004 - 30%)	1,771,944	1,060,160
Over/under provision in prior year	(21,796)	(986)
Total current tax	<u>1,750,148</u>	<u>1,059,174</u>

# Prinwest Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2005

### 5 TAXATION ON ORDINARY ACTIVITIES *(continued)*

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2004 - 30%).

	2005 £	2004 £
Profit on ordinary activities before taxation	8,198,558	5,041,350
Profit/(loss) on ordinary activities by rate of tax	2,459,567	1,512,405
Capital allowances in excess of depreciation	(1,590)	6,713
Group relief	(686,093)	(462,785)
Expenses not deductible for tax purposes	59	3,827
Adjustments to tax charge in respect of previous periods	(21,796)	(986)
Rounding on tax charge	1	-
Total current tax (note 5(a))	1,750,148	1,059,174

### 6 DIVIDENDS

The following dividends have been proposed in respect of the year:

	2005 £	2004 £
Proposed dividend on ordinary shares	2,820,486	2,651,147

### 7 TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost			
At 1 September 2004	80,297	181,470	261,767
Additions	57,945	17,470	75,415
At 31 August 2005	138,242	198,940	337,182
Depreciation			
At 1 September 2004	24,354	43,207	67,561
Charge for the year	16,965	22,487	39,452
At 31 August 2005	41,319	65,694	107,013
Net book value			
At 31 August 2005	96,923	133,246	230,169
At 31 August 2004	55,943	138,263	194,206

#### Hire purchase agreements

Included within the net book value of £230,169 is £107,134 (2004 - £138,263) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £17,878 (2004 - £20,884).

# Prinwest Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2005

### 8 STOCKS

	2005	2004
	£	£
Finished goods	<u>5,760,542</u>	<u>6,771,089</u>

### 9 DEBTORS

	2005	2004
	£	£
Trade debtors	9,733,614	7,386,555
Amounts owed by group undertakings	944,130	88,885
Other debtors	54,600	20,190
Prepayments and accrued income	157,662	165,990
	<u>10,890,006</u>	<u>7,661,620</u>

Included in trade debtors are amounts owed by related parties as follows:

Amounts owed by Scholes (Chemists) Limited amounted to £2,845,303 (2004-£3,623,809), by Levelcrown Limited £1,414,105 (2004-£936,733), by Wardcare Limited £NIL (2004-£42,340), by Medihealth Limited £1,307 (2004 -£166,323), by Medihealth Northern Limited £3,525,257 (2004 - £292,130)by Pathvalley Limited £341,614 (2004 - £124,383)and by Maxearn Limited £617 (2004 - £NIL).

### 10 CREDITORS: Amounts falling due within one year

	2005	2004
	£	£
Trade creditors	8,090,307	11,314,537
Amounts owed to group undertakings	2,247,396	1,513,513
Corporation tax	866,711	621,249
Other taxation	673,817	-
Hire purchase agreements	32,850	39,973
Other creditors	93,325	-
Amounts owed to associated undertakings	-	573,763
Accruals and deferred income	224,867	386,593
	<u>12,229,273</u>	<u>14,449,628</u>

Included in trade creditors are amounts owing to related parties as follows:

Amounts owing to Maxearn Limited £87,662 (2004: £NIL).

The bank overdraft is secured by a debenture giving fixed or floating charges on all assets of the company.

The hire purchase commitments are secured on the assets to which they relate.

### 11 CREDITORS: Amounts falling due after more than one year

	2005	2004
	£	£
Hire purchase agreements	<u>17,429</u>	<u>36,517</u>

# Prinwest Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2005

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### 12 COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2005	2004
	£	£
Amounts payable within 1 year	32,850	39,973
Amounts payable between 1 and 2 years	17,429	36,517
	<u>50,279</u>	<u>76,490</u>

### 13 COMMITMENTS UNDER OPERATING LEASES

At 31 August 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2005	2004
	£	£
Operating leases which expire:		
After more than 5 years	<u>200,000</u>	<u>217,367</u>

### 14 CONTINGENCIES

The company has contingent liabilities of £39,169,261 (2004-£36,020,635). This relates to guarantee of bank overdrafts and loans of the parent company and related parties.

### 15 RELATED PARTY TRANSACTIONS

The following companies are related by virtue of common directorships and/or common control and undertook the following transactions in the year:

During the year sales of £30,986,667 (2004 - £27,272,594) were made to Scholes (Chemists)Limited. In addition Scholes (Chemists) Limited recharged rent of £301,082 (2004 - £413,729) to the company for the use of a warehouse.

During the year sales of £7,235,507(2004 - £6,755,870) were made to Levelcrown Limited.

During the year sales of £64,760 (2004 - £324,507) were made to Wardcare Limited.

During the year sales of £3,985 (2004 - £NIL) were made to Maxearn Limited. In addition, purchases of £128,010 were made from Maxearn Limited.

All of the above transactions were conducted on normal commercial terms and on an arm's length basis.

The company has taken advantage of the exemption offered by FRS 8 to companies, 90% of the voting rights of which are controlled within a larger group, with regard to the disclosure of the transactions within other group companies.

# Prinwest Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2005

### 16 SHARE CAPITAL

	2005 £	2004 £
Authorised: 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	2005 £	2004 £
Allotted, called up and fully paid: 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 17 PROFIT AND LOSS ACCOUNT

	2005 £	2004 £
At 1 September 2004	2,611,858	1,280,829
Retained profit for the financial year	<u>3,627,924</u>	<u>1,331,029</u>
At 31 August 2005	<u>6,239,782</u>	<u>2,611,858</u>

### 18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Profit for the financial year	6,448,410	3,982,176
Dividends	<u>(2,820,486)</u>	<u>(2,651,147)</u>
	3,627,924	1,331,029
Opening shareholders' equity funds	<u>2,611,958</u>	<u>1,280,929</u>
Closing shareholders' equity funds	<u>6,239,882</u>	<u>2,611,958</u>

### 19 ULTIMATE PARENT COMPANY

The ultimate parent company is Gorgemead Limited, a company registered in England and Wales. Copies of the financial statements of the parent company are available from Companies House (Cardiff).