

Prinwest Ltd
FINANCIAL STATEMENTS
for the year ended
31 August 2003



Prinwest Ltd

FINANCIAL STATEMENTS

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report to the members	4
Profit and loss account	6
Balance sheet	7
Accounting policies	8
Notes to the financial statements	9
The following pages do not form part of the financial statements	
Detailed profit and loss account	15
Notes to the detailed profit and loss account	16

Prinwest Ltd

OFFICERS AND PROFESSIONAL ADVISERS

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 Ltd

DIRECTORS' REPORT

The directors submit their report and financial statements of Prinwest Ltd for the year ended 31 August 2003.

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:

	2003 £	2002 £
Proposed dividends on ordinary shares	<u>2,203,115</u>	<u>1,826,000</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



.....

Prinwest Ltd

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 AUDITORS' REPORT TO THE MEMBERS OF PRINWEST LTD

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 auditors' 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

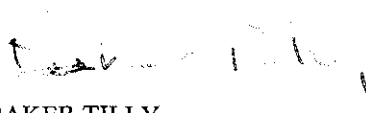
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PRINWEST LTD (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 2003 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



.....

Prinwest Ltd
PROFIT AND LOSS ACCOUNT
for the year ended 31 August 2003

	<i>Notes</i>	2003 £	2002 £
TURNOVER	1	45,230,290	36,458,692
Cost of sales		42,005,395	33,385,406
Gross profit		3,224,895	3,073,286
Administrative expenses		454,678	224,322
OPERATING PROFIT	2	2,770,217	2,848,964
Interest receivable and similar income		—	7,161
Interest payable	4	(5,169)	(4,904)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,765,048	2,851,221
Taxation	5	296,207	560,130
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,468,841	2,291,091
Dividends	6	2,203,115	1,826,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		265,726	465,091

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 Ltd
BALANCE SHEET
31 August 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible assets	7	<u>176,098</u>	<u>79,536</u>
CURRENT ASSETS			
Stocks	8	3,295,470	2,914,673
Debtors	9	7,178,192	6,668,633
Cash at bank		<u>305,703</u>	<u>-</u>
		10,779,365	9,583,306
CREDITORS			
Amounts falling due within one year	10	<u>9,640,609</u>	<u>8,637,644</u>
NET CURRENT ASSETS		<u>1,138,756</u>	<u>945,662</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,314,854</u>	<u>1,025,198</u>
CREDITORS			
Amounts falling due after more than one year	11	<u>33,925</u>	<u>9,995</u>
		<u>1,280,929</u>	<u>1,015,203</u>
CAPITAL AND RESERVES			
Called up equity share capital	16	100	100
Profit and loss account	17	<u>1,280,829</u>	<u>1,015,103</u>
SHAREHOLDERS' FUNDS	18	<u>1,280,929</u>	<u>1,015,203</u>

These financial statements were approved by the directors on the 24.2.2004 and are signed on their behalf by:

A I Patel
Director

Prinwest Ltd

ACCOUNTING POLICIES

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) 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.

FINANCE LEASE AGREEMENTS

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

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 Ltd

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2003

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:

	2003	2002
	£	£
United Kingdom	<u>45,230,290</u>	<u>36,458,692</u>

2 OPERATING PROFIT

Operating profit is stated after charging:

	2003	2002
	£	£
Depreciation of owned fixed assets	5,000	2,390
Depreciation of assets held under hire purchase agreements	16,378	11,305
Auditors' remuneration		
- as auditors	8,200	6,700
Operating lease costs:		
Land and buildings	<u>211,627</u>	<u>128,515</u>

3 PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including the directors, during the year.

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 £63,186 were incurred during the year.

4 INTEREST PAYABLE

	2003	2002
	£	£
Interest payable on bank borrowing	1	1,392
Finance charges	4,827	3,512
Other similar charges payable	<u>341</u>	<u>-</u>
	<u>5,169</u>	<u>4,904</u>

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2003	2002
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 30% (2002 - 30%)	296,207	560,130
Total current tax	<u>296,207</u>	<u>560,130</u>

Prinwest Ltd

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2003

5 TAX ON PROFIT 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% (2002 - 30%).

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>2,765,048</u>	<u>2,851,221</u>
Profit/(loss) on ordinary activities by rate of tax	829,514	855,366
Capital allowances in excess of depreciation	(22,829)	(1,426)
Group relief	<u>(510,478)</u>	<u>(293,810)</u>
Total current tax (note 5(a))	<u>296,207</u>	<u>560,130</u>

6 DIVIDENDS

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

	2003 £	2002 £
Proposed dividend on ordinary shares	<u>2,203,115</u>	<u>1,826,000</u>

7 TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost			
At 1 September 2002	18,589	89,150	107,739
Additions	<u>45,740</u>	<u>72,200</u>	<u>117,940</u>
At 31 August 2003	<u>64,329</u>	<u>161,350</u>	<u>225,679</u>
Depreciation			
At 1 September 2002	6,122	22,081	28,203
Charge for the year	<u>5,000</u>	<u>16,378</u>	<u>21,378</u>
At 31 August 2003	<u>11,122</u>	<u>38,459</u>	<u>49,581</u>
Net book value			
At 31 August 2003	<u>53,207</u>	<u>122,891</u>	<u>176,098</u>
At 31 August 2002	<u>12,467</u>	<u>67,069</u>	<u>79,536</u>

Hire purchase agreements

Included within the net book value of £176,098 is £122,891 (2002 - £67,069) 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 £16,378 (2002 - £11,305).

8 STOCKS

	2003 £	2002 £
Finished goods	<u>3,295,470</u>	<u>2,914,673</u>

Prinwest Ltd

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2003

9 DEBTORS

	2003 £	2002 £
Trade debtors	6,429,554	5,691,881
Amounts owed by group undertakings	393,813	972,931
Other debtors	12,915	1,801
Prepayments and accrued income	341,910	2,020
	<u>7,178,192</u>	<u>6,668,633</u>

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

Amounts owed by Gorgemead Ltd amounted to £880,367 (2002-£nil), by Scholes (Chemists) Ltd amounted to £3,189,571 (2002-£3,653,192), by Levelcrown Ltd £1,382,243 (2002-£1,094,279), by Wardcare Ltd £56,082 (2002-£93,319) and by Medihealth Ltd £342,567 (2002-£nil).

10 CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	894,951	3,078,996
Trade creditors	5,860,966	5,016,822
Amounts owed to group undertakings	1,674,942	159,723
Corporation tax	143,494	256,534
Other taxation and social security	108,443	80,129
Hire purchase agreements	30,341	22,501
Other creditors	-	12,464
Amounts owed to associated undertakings	895,881	-
Accruals and deferred income	31,591	10,475
	<u>9,640,609</u>	<u>8,637,644</u>

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

Amounts owing to Scholes (Chemists) Ltd £88,926 (2002-£5,126) and amounts owing to Medihealth Ltd £436,266 (2002-£140,309).

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

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

11 CREDITORS: Amounts falling due after more than one year

	2003 £	2002 £
Hire purchase agreements	<u>33,925</u>	<u>9,995</u>

Prinwest Ltd

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2003

12 COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2003	2002
	£	£
Amounts payable within 1 year	34,147	23,794
Amounts payable between 2 to 5 years	38,179	11,665
	<u>72,326</u>	<u>35,459</u>
Less interest and finance charges relating to future periods	(8,060)	(2,963)
	<u>64,266</u>	<u>32,496</u>
Hire purchase agreements are analysed as follows:		
Current obligations	30,341	22,501
Non-current obligations	33,925	9,995
	<u>64,266</u>	<u>32,496</u>

13 COMMITMENTS UNDER OPERATING LEASES

At 31 August 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2003	2002
	£	£
Operating leases which expire:		
After more than 5 years	<u>200,000</u>	<u>200,000</u>

14 CONTINGENCIES

The company has contingent liabilities of £24,489,109 (2002-£25,492,964). 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 due to virtue of common directorships and/or common control and undertook the transactions noted in the year:

During the year gross sales of £24,934,500 (2002-£22,685,906) were made to Scholes (Chemists) Ltd. In addition Scholes (Chemists) Ltd recharged rent of £323,075 (2002-£139,229) to the company for the use of a warehouse.

During the year other purchases of £nil (2002-£22,562) were made from Scholes (Chemists)Ltd.

During the year gross sales of £5,798,423 (2002-4,598,335) were made to Levelcrown Limited.

During the year gross sales of £327,640 (2002-321,777) were made to Wardcare Limited.

All of the above transactions were conducted on normal commercial terms.

Prinwest Ltd

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2003

16 SHARE CAPITAL

	2003 £	2002 £
Authorised:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	2003 £	2002 £
Allotted, called up and fully paid:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

17 PROFIT AND LOSS ACCOUNT

	2003 £	2002 £
At 1 September 2002	1,015,103	550,012
Retained profit for the financial year	<u>265,726</u>	<u>465,091</u>
At 31 August 2003	<u>1,280,829</u>	<u>1,015,103</u>

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year	2,468,841	2,291,091
Dividends	<u>(2,203,115)</u>	<u>(1,826,000)</u>
	265,726	465,091
Opening shareholders' equity funds	<u>1,015,203</u>	<u>550,112</u>
Closing shareholders' equity funds	<u>1,280,929</u>	<u>1,015,203</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).