

Prinwest Limited
FINANCIAL STATEMENTS
for the year ended
31 August 2007

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COMPANIES HOUSE

Prinwest Limited

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

AUDITOR

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

Prinwest Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Prinwest Limited for the year ended 31 August 2007

PRINCIPAL ACTIVITIES

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

REVIEW OF THE BUSINESS

The company distributes medicines and healthcare goods to the pharmacies within the group

The directors are not aware of any likely changes in the company's activities in the coming year

The directors will strive to improve turnover and profitability over the coming year through the continued expansion of the pharmacy business and by seeking new wholesale opportunities

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,154,569 Particulars of dividends paid are detailed in note 7 to the financial statements

The key performance indicators that the company regard as important are

	2007	2006
Turnover	£38m	£43m
Stock	£3.7m	£3.1m
Gross Margin	9.6%	11.8%
Shareholders Funds	£6.6m	£6.2m

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company has had a very good year due to a very stable customer base with the majority of the sales being made within the group. The company's main risk is related to supply prices which the directors monitor constantly, seeking to obtain the best purchase price available. Given the nature of the company customers, it has no significant credit or financing risks.

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.

Prinwest Limited

DIRECTORS' REPORT

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

A resolution to reappoint Baker Tilly UK Audit LLP, 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 Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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 UK 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 that disclose with reasonable accuracy at any time the financial position of the company and 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 16

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 auditor

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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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

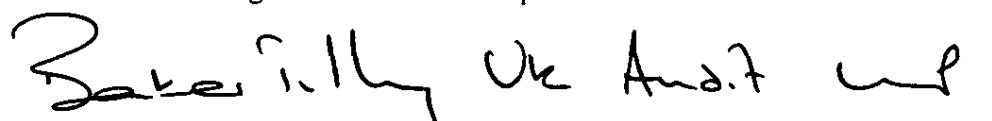
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 August 2007 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



BAKER TILLY UK AUDIT LLP

Registered Auditor
Chartered Accountants
Brazenose House
Lincoln Square
Manchester
M2 5BL

6 August 2008

Prinwest Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 August 2007

		2007	2006
	Notes	£	£
TURNOVER	1	38,678,346	43,642,447
Cost of sales		34,964,618	38,453,571
Gross profit		3,713,728	5,188,876
Administrative expenses		730,235	715,648
Other operating income	2	(69,976)	(39,990)
OPERATING PROFIT	3	3,053,469	4,513,218
Interest receivable		26,847	9,571
		3,080,316	4,522,789
Interest payable and similar charges	5	(1,707)	(4,029)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,078,609	4,518,760
Taxation	6	924,040	1,440,263
PROFIT FOR THE FINANCIAL YEAR		2,154,569	3,078,497

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

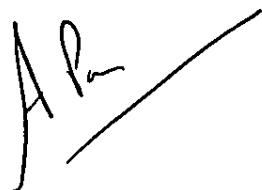
BALANCE SHEET

31 August 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible assets	8	<u>176,056</u>	<u>178,242</u>
CURRENT ASSETS			
Stocks	9	3,733,365	3,123,670
Debtors	10	9,036,730	8,761,645
Cash in hand		<u>5,556,898</u>	<u>202,882</u>
		18,326,993	12,088,197
CREDITORS			
Amounts falling due within one year	12	<u>11,930,101</u>	<u>6,044,745</u>
NET CURRENT ASSETS		<u>6,396,892</u>	<u>6,043,452</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,572,948</u>	<u>6,221,694</u>
CREDITORS			
Amounts falling due after more than one year	13	<u>—</u>	<u>3,099</u>
		6,572,948	6,218,595
PROVISIONS FOR LIABILITIES			
Deferred taxation	11	<u>—</u>	<u>216</u>
		6,572,948	6,218,379
CAPITAL AND RESERVES			
Called up equity share capital	18	100	100
Profit and loss account	19	<u>6,572,848</u>	<u>6,218,279</u>
SHAREHOLDERS' FUNDS	20	<u>6,572,948</u>	<u>6,218,379</u>

The financial statements on page 6 were approved by the directors and authorised for issue on 4.8.08 and are signed on their behalf by

A I Patel
Director



Prinwest Limited

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 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly 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	- 25% reducing balance
Computer Equipment	- 50% straight line

Depreciation on Motor Vehicles has increased to 25% (2006 15%) reducing balance It was considered that 25% is a more fair reflection of the vehicles useful economic life

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

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

Prinwest Limited

ACCOUNTING POLICIES

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.

FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Prinwest Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2007

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

	2007	2006
	£	£
United Kingdom	<u>38,678,346</u>	<u>43,642,447</u>

2 OTHER OPERATING INCOME

	2007	2006
	£	£
Other operating income	<u>69,976</u>	<u>39,990</u>

3 OPERATING PROFIT

Operating profit is stated after charging

	2007	2006
	£	£
Depreciation of owned fixed assets	43,318	29,117
Depreciation of assets held under hire purchase agreements	12,650	8,929
Loss on disposal of fixed assets	—	28,158
Auditor's remuneration		
- as auditor	13,825	6,342
- for other services	1,750	—
Operating lease costs		
Other	<u>295,640</u>	<u>305,577</u>

4 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 £30,401 (2006 £27,325) were incurred during the year

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£	£
Finance charges	<u>1,707</u>	<u>4,029</u>

Prinwest Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2007

6 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2007 £	2006 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 30% (2006 - 30%)	924,734	1,364,349
Over/under provision in prior year	-	75,698
Total current tax	924,734	1,440,047
Deferred tax		
Origination and reversal of timing differences	(694)	216
Tax on profit on ordinary activities	924,040	1,440,263

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	2007 £	2006 £
Profit on ordinary activities before taxation	3,078,609	4,518,760
Profit on ordinary activities by rate of tax	923,583	1,355,628
Capital allowances in excess of depreciation	727	8,385
Expenses not deductible for tax purposes	424	336
Adjustments to tax charge in respect of previous periods	-	75,698
Total current tax (note 6(a))	924,734	1,440,047

7 DIVIDENDS

Equity dividends

	2007 £	2006 £
Paid during the year		
Equity dividend per ordinary share £18,000 00 (2006 £31,000 00)	1,800,000	3,100,000

Prinwest Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2007

8 TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Motor Vehicles £	Computer Equipment £	Total £
Cost				
At 1 September 2006	158,767	127,040	–	285,807
Additions	25,842	25,684	2,256	53,782
At 31 August 2007	<u>184,609</u>	<u>152,724</u>	<u>2,256</u>	<u>339,589</u>
Depreciation				
At 1 September 2006	62,166	45,399	–	107,565
Charge for the year	33,202	22,283	483	55,968
At 31 August 2007	<u>95,368</u>	<u>67,682</u>	<u>483</u>	<u>163,533</u>
Net book value				
At 31 August 2007	<u>89,241</u>	<u>85,042</u>	<u>1,773</u>	<u>176,056</u>
At 31 August 2006	<u>96,601</u>	<u>81,641</u>	<u>–</u>	<u>178,242</u>

The 2007 depreciation charge for fixtures and fittings includes accelerated depreciation of £15,351. This has reduced the carrying value of assets with an original cost £21,134 to a net book value of £1,148 (2006 - £16,499). Per the accounting policy the charge on these assets would be £3,300.

Hire purchase agreements

Included within the net book value of £176,056 is £37,952 (2006 - £50,604) 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 £12,650 (2006 - £8,929).

9 STOCKS

	2007 £	2006 £
Finished goods	<u>3,733,365</u>	<u>3,123,670</u>

10 DEBTORS

	2007 £	2006 £
Trade debtors	4,803,074	3,832,814
Amounts owed by group undertakings	3,938,948	4,582,779
Other debtors	38,174	182,273
Prepayments and accrued income	256,056	163,779
Deferred taxation (note 11)	478	–
	<u>9,036,730</u>	<u>8,761,645</u>

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

Amounts owed by Medihealth (Northern) Limited £2,536,488 (2006-£2,169,306) by Pathvalley Limited £1,679,124 (2006-£1,267,700) and by Maxearn Limited £97 (2006-£217)

Prinwest Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2007

11 DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2007	2006
	£	£
Included in debtors (note 10)	478	-
Included in provisions	-	(216)
	<u>478</u>	<u>(216)</u>

The movement in the deferred taxation account during the year was

	2007	2006
	£	£
Balance brought forward	(216)	-
Profit and loss account movement arising during the year	694	(216)
Balance carried forward	<u>478</u>	<u>(216)</u>

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

	2007	2006
	£	£
Excess of depreciation over taxation allowances	478	(216)
	<u>478</u>	<u>(216)</u>

12 CREDITORS Amounts falling due within one year

	2007	2006
	£	£
Overdrafts	5,249,640	364,774
Trade creditors	4,549,772	4,402,012
Amounts owed to group undertakings	880,466	32,385
Corporation tax	495,410	980,973
Other taxation	152,164	161,041
Hire purchase agreements	3,099	14,296
Other creditors	575,454	3,132
Accruals and deferred income	24,096	86,132
	<u>11,930,101</u>	<u>6,044,745</u>

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

Amounts owing to Swingward Limited £NIL (2006-£16,218), and to Makan Investments Limited £25,000 (2006-£62,500)

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

Prinwest Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2007

13 CREDITORS Amounts falling due after more than one year

	2007	2006
	£	£
Hire purchase agreements	<u>-</u>	<u>3,099</u>

14 COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	2007	2006
	£	£
Amounts payable within 1 year	3,456	15,657
Amounts payable between 1 and 2 years	<u>-</u>	<u>3,456</u>
	3,456	19,113
Less interest and finance charges relating to future periods	<u>(357)</u>	<u>(1,718)</u>
	<u>3,099</u>	<u>17,395</u>
Hire purchase agreements are analysed as follows		
Current obligations	3,099	14,296
Non-current obligations	<u>-</u>	<u>3,099</u>
	<u>3,099</u>	<u>17,395</u>

15 COMMITMENTS UNDER OPERATING LEASES

At 31 August 2007 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2007	2006
	£	£
Operating leases which expire		
After more than 5 years	<u>250,000</u>	<u>250,000</u>

16 CONTINGENCIES

The company has contingent liabilities of £39,750,452 (2006-£25,002,849) This relates to a cross guarantee on bank overdrafts and loans with the parent company and related parties

Prinwest Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2007

17 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

Sales of £Nil (2006-£1,288) were made to Maxearn Limited and purchases of £1,476 (2006-£Nil) were made from Maxearn Limited

During the year sales of £12,263,489 (2006-£14,285,286) were made to Medihealth (Northern) Limited and sales of £5,038,728 (2006-£3,523,491) were made to Pathvalley Limited

Included within other creditors are trading balances with related undertakings as follows

	31 Aug 07	31 Aug 06
	£	£
Medihealth (Northern) Limited	10,552	3,132
Maxearn Limited	8,278	-
Pathvalley Limited	545,646	5,540
Quadrant Limited	10,977	-
	<u>564,453</u>	<u>8,672</u>

Included within other debtors are balances with related undertakings as follows

	31 Aug 07	31 Aug 06
	£	£
Arc Pharmacare (2006) Limited	-	2,015
Gamecrest Limited	-	2,594
Levelcrown Limited	-	382
Maxearn Limited	-	174,399
Pathvalley Limited	-	2,883
	<u>-</u>	<u>3,873</u>

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

18 SHARE CAPITAL

	2007	2006
	£	£
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	2007	2006
	£	£
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Prinwest Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2007

19 PROFIT AND LOSS ACCOUNT

	2007	2006
	£	£
At 1 September 2006	6,218,279	6,239,782
Retained profit for the financial year	2,154,569	3,078,497
Equity dividends	(1,800,000)	(3,100,000)
At 31 August 2007	<u>6,572,848</u>	<u>6,218,279</u>

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
Profit for the financial year	2,154,569	3,078,497
Equity dividends	(1,800,000)	(3,100,000)
Net addition/(reduction) to shareholders' funds	354,569	(21,503)
Opening shareholders' funds	<u>6,218,379</u>	<u>6,239,882</u>
Closing shareholders' funds	<u>6,572,948</u>	<u>6,218,379</u>

21 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).