

E G COLLINS (NEW FERRY) LIMITED

ANNUAL REPORT

PERIOD ENDED 30 NOVEMBER 1998

PANNELL KERR FORSTER
Chartered Accountants



E G COLLINS (NEW FERRY) LIMITED

COMPANY INFORMATION

Directors	D R Cole Robert B Cole N D T Fergusson J J Penn A S Young
Secretary	Robert B Cole
Company Number	1065623
Registered Office	9 New Chester Rd New Ferry Merseyside L62 1DG
Auditors	Pannell Kerr Forster Chartered Accountants 52 Mount Pleasant Liverpool L3 5UN
Bankers	Barclays Bank plc Corporate Banking Centre P O Box 52 Egerton House Rhosddu Road Wrexham LL11 1EQ

E G COLLINS (NEW FERRY) LIMITED

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E G COLLINS (NEW FERRY) LIMITED
DIRECTORS' REPORT
PERIOD ENDED 30 NOVEMBER 1998

The directors submit their report and the financial statements for the period ended 30 November 1998.

Results and dividends

The loss for the period, after taxation, amounted to **£18,014** (4 April 1998 - £28,995 profit).

The directors do not recommend payment of a dividend and recommend that the balance of retained profits be transferred to reserves.

Principal activity and review of business

The principal activity of the company during the period was the sale of pharmaceutical goods. The directors consider the results for the period and the period end position to be satisfactory.

Directors

The directors who served during the period were:

	Ordinary £1 shares	
	30 November 1998	4 April 1998
D R Cole	-	-
Robert B Cole	-	-
N D T Fergusson	-	-
J J Penn	-	-
A S Young	1	1

A S Young held 1 £1 ordinary share in the company during the period, as a nominee for the parent company.

Details of the shares held in the parent company, by the directors who are also directors of the parent company, are disclosed in that company's financial statements.

Details of the shares held in the parent company, by directors who are not directors of that company, are as follows:-

	£1 ordinary shares	
	30 November 1998	4 April 1998
N D T Fergusson	-	-
Robert B Cole	14,701	14,701

E G COLLINS (NEW FERRY) LIMITED

DIRECTORS' REPORT (continued) PERIOD ENDED 30 NOVEMBER 1998

Year 2000 etc

The year 2000 issue relating to date sensitive calculations is one which affects all companies which are reliant on computer based technology. We recognise three elements in our Year 2000 compliance activities:

1. Assurance that all business systems will correctly process future dates.
2. Confirmation that the logic units of our computer based systems operate correctly over the millennium change.
3. Liaison with both suppliers and customers, to ensure that supply chains continue to operate without disruption.

The operating companies have jointly formed a working group under the leadership of the Group Information Technology manager, and is charged with co-ordinating compliance activities and regular progress reports are provided to all executive directors in the group.

Affected systems are either being replaced or amended in close co-operation with our System suppliers and this includes a new integrated accounting software to eventually generate our monthly management accounts.

Our costs involved in achieving systems compliance have been offset by our regular programme of systems replacement and renewal as part of our ongoing aid for business improvement. Many older systems were in fact already scheduled for replacement before the year 2000. The direct cost of modifying our existing system base is comparatively modest, and will be charged to the Profit and Loss Account as it is incurred.

Auditors

The auditors, Pannell Kerr Forster, will not seek reappointment at the forthcoming Annual General Meeting.

By order of the board

Robert B Cole

Secretary

30 March 1999

E G COLLINS (NEW FERRY) LIMITED
STATEMENT OF 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 of the profit or loss of the company for that period. 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;
- 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 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' REPORT TO THE SHAREHOLDERS OF
E G COLLINS (NEW FERRY) LIMITED**

We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 November 1998 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PANNELL KERR FORSTER
Chartered Accountants
Registered Auditors

Liverpool
9 April 1999

E G COLLINS (NEW FERRY) LIMITED
PROFIT AND LOSS ACCOUNT
PERIOD ENDED 30 NOVEMBER 1998

	Notes	30 November 1998 £	4 April 1998 £
TURNOVER	2	973,253	1,848,319
Cost of sales		(845,199)	(1,567,882)
GROSS PROFIT		128,054	280,437
Distribution costs		(136,328)	(225,473)
Administrative expenses		(9,068)	(18,951)
Other operating income		25	544
OPERATING (LOSS)/PROFIT		(17,317)	36,557
Interest receivable and similar items	5	-	485
Interest payable and similar items	6	(7,313)	(47)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(24,630)	36,995
TAXATION	7	6,616	(8,000)
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD		(18,014)	28,995

All amounts relate to continuing operations.

There were no recognised gains or losses for the period other than those included in the profit and loss account.

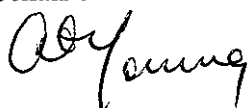
Movements on reserves are set out in note 13 to the financial statements.

E G COLLINS (NEW FERRY) LIMITED
BALANCE SHEET
30 NOVEMBER 1998

	Notes	30 November 1998 £	4 April 1998 £
FIXED ASSETS			
Tangible	8	14,611	13,932
CURRENT ASSETS			
Stocks	9	105,949	102,432
Debtors	10	607,962	348,751
Cash at bank and in hand		2,217	6,291
		<u>716,128</u>	<u>457,474</u>
CREDITORS: amounts falling due within one year	11	(511,144)	(233,797)
NET CURRENT ASSETS		<u>204,984</u>	<u>223,677</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>219,595</u>	<u>237,609</u>
CAPITAL AND RESERVES			
Called up share capital	12	50	50
Share premium account		4,950	4,950
Profit and loss account	13	214,595	232,609
SHAREHOLDERS' FUNDS	14	<u>219,595</u>	<u>237,609</u>

The financial statements were approved by the board on 30 March 1999

Signed on behalf of the board of directors



A S Young B.A., Dip.Pharm., M.R.Pharm.S. Director

E G COLLINS (NEW FERRY) LIMITED
CASH FLOW STATEMENT
PERIOD ENDED 30 NOVEMBER 1998

	30 November 1998 £	4 April 1998 £
Reconciliation of operating profit to net cash outflow from operating activities		
Operating profit/(loss)	(17,317)	36,557
Depreciation of tangible fixed assets	1,500	4,895
Increase in debtors	(277,724)	(147,952)
(Increase)/decrease in stocks	(3,517)	13,797
Decrease in creditors	(3,123)	(6,420)
(Decrease)/increase in group creditors	(8,130)	31,692
Decrease/(increase) in group debtors	18,513	(28,953)
Net cash outflow from operating activities	<u>(289,798)</u>	<u>(96,384)</u>
 CASH FLOW STATEMENT (note 15)		
Net cash outflow from operating activities	(289,798)	(96,384)
Returns on investments and servicing of finance	(7,313)	485
Taxation	6,616	(14,323)
Capital expenditure	(2,179)	(9,541)
Decrease in cash	<u>(292,674)</u>	<u>(119,763)</u>
 Reconciliation of net cash flow to movement in net debt (note 16)		
Decrease in cash in the period	(292,674)	(119,763)
Net funds at 5 April 1998	6,291	126,054
Net funds at 30 November 1998	<u>(286,383)</u>	<u>6,291</u>

E G COLLINS (NEW FERRY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 30 NOVEMBER 1998

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention.

(b) Turnover

Turnover represents sales net of value added tax.

(c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Equipment and fittings	10 %
Computer	20 %

During the period the rate of depreciation for equipment, fittings and computers has been changed from 25% of net book value. This change brings the rate of depreciation in line with group policy. The charge for the period based on the new rate is not materially different from that calculated on the old rate.

(d) Stocks

Stocks for resale are stated at the lower of cost and net realisable value. Cost is purchase price after discounts and rebates.

(e) Deferred taxation

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

(f) Pensions

The parent company and its subsidiaries operate a number of pension schemes for the benefit of its employees. The majority of employees are covered by defined contribution schemes but some are members of defined benefit schemes. The assets of the schemes are held separately from those of the group in independently administered schemes. Contributions to the schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives within the group. The contributions are determined by a qualified actuary.

2 TURNOVER

Turnover is attributable to one class of business.

All turnover arose within the United Kingdom.

E G COLLINS (NEW FERRY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 30 NOVEMBER 1998

3 OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	30 November 1998 £	4 April 1998 £
Depreciation of tangible fixed assets:		
- charged to distribution expenses	900	3,770
- charged to administrative expenses	600	1,125
Audit fees	3,130	1,350
Pension cost	325	537
	<u> </u>	<u> </u>

No director received any emoluments (4 April 1998 - £NIL).

4 STAFF COSTS

Staff costs, including directors' emoluments, were as follows:

	30 November 1998 £	4 April 1998 £
Wages and salaries	95,663	153,356
Social security costs	7,116	4,206
Other pension costs	325	537
	<u> </u>	<u> </u>
	<u>103,104</u>	<u>158,099</u>

The average monthly number of employees, including executive directors, during the period was:

	No.	No.
Sales and distribution	<u>12</u>	<u>13</u>

5 INTEREST RECEIVABLE AND SIMILAR ITEMS

	30 November 1998 £	4 April 1998 £
Other interest receivable	-	485
	<u> </u>	<u> </u>

6 INTEREST PAYABLE AND SIMILAR ITEMS

	30 November 1998 £	4 April 1998 £
Bank loans and overdrafts	7,313	47
	<u> </u>	<u> </u>

E G COLLINS (NEW FERRY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 30 NOVEMBER 1998

7 TAXATION

	30 November 1998 £	4 April 1998 £
Current year taxation		
UK corporation tax at 21.5% (4 April 1998 - 24%)	-	8,000
Adjustments in respect of prior periods		
Corporation tax	(6,616)	-
	<u>(6,616)</u>	<u>8,000</u>

No provision for deferred taxation is required as there are no accelerated capital allowances or other timing differences.

8 TANGIBLE FIXED ASSETS

	Computers £	Fixtures, fittings, tools & equipment £	Total £
Cost			
At 5 April 1998	4,474	39,998	44,472
Additions	-	2,179	2,179
At 30 November 1998	<u>4,474</u>	<u>42,177</u>	<u>46,651</u>
Depreciation			
At 5 April 1998	1,960	28,580	30,540
Charge for period	600	900	1,500
At 30 November 1998	<u>2,560</u>	<u>29,480</u>	<u>32,040</u>
Net book amount			
At 30 November 1998	<u>1,914</u>	<u>12,697</u>	<u>14,611</u>
At 5 April 1998	<u>2,514</u>	<u>11,418</u>	<u>13,932</u>

9 STOCKS

	30 November 1998 £	4 April 1998 £
Finished goods	<u>105,949</u>	<u>102,432</u>

E G COLLINS (NEW FERRY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 30 NOVEMBER 1998

10 DEBTORS

	30 November 1998 £	4 April 1998 £
Due within one year		
Trade debtors	564,186	289,881
Amounts due from group undertakings	12,812	31,325
Other debtors	30,964	27,545
	<u>607,962</u>	<u>348,751</u>

11 CREDITORS:

Amounts falling due within one year

	30 November 1998 £	4 April 1998 £
Bank loans and overdrafts	288,600	-
Trade creditors	10,040	11,823
Amounts owed to group undertakings	196,748	204,878
Corporation tax	8,000	8,000
Accruals and deferred income	7,756	9,096
	<u>511,144</u>	<u>233,797</u>

12 SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid No. £
At 5 April 1998 and 30 November 1998 Ordinary shares of £1 each	<u>100</u>	<u>50 50</u>

13 RESERVES

Profit and loss account	£
At 5 April 1998	232,609
Loss for the period	(18,014)
At 30 November 1998	<u>214,595</u>

14 SHAREHOLDERS' FUNDS

	30 November 1998 £	4 April 1998 £
Shareholders' funds at 5 April 1998	237,609	208,614
(Loss)/profit for the period	(18,014)	28,995
Shareholders' funds at 30 November 1998	<u>219,595</u>	<u>237,609</u>

E G COLLINS (NEW FERRY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 30 NOVEMBER 1998

15 GROSS CASH FLOWS

	30 November 1998 £	4 April 1998 £
Returns on investments and servicing of finance		
Interest received	-	485
Interest paid	(7,313)	-
	<u>(7,313)</u>	<u>485</u>
Taxation		
Corporation tax paid	<u>6,616</u>	<u>(14,323)</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(2,179)	(9,541)
	<u>(2,179)</u>	<u>(9,541)</u>

16 ANALYSIS OF CHANGES IN NET FUNDS

	At 5 April 1998 £	Cash flows £	At 30 November 1998 £
Cash at bank and in hand	6,291	(4,074)	2,217
Overdrafts	-	(288,600)	(288,600)
Total	<u>6,291</u>	<u>(292,674)</u>	<u>(286,383)</u>

17 CONTINGENT LIABILITIES

The company is in dispute with a local authority in respect of the supply of medical appliances. The dispute could result in legal proceedings but the directors believe that there are sufficient grounds to successfully defend the company position. Therefore no provision has been made in these accounts in respect of this dispute.

18 TRANSACTIONS WITH RELATED PARTIES

During the period there have been transactions with other group companies. However, as the company will ultimately be included in the group consolidated accounts and these are publicly available, the company has taken advantage of the exemption allowed by FRS8.

19 PENSION COSTS

Details of the company pension scheme are shown in the accounts of the parent company, L Rowland & Co Limited which are publicly available from Companies House.

E G COLLINS (NEW FERRY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 30 NOVEMBER 1998

20 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The parent undertaking of the largest and smallest groups for which consolidated accounts are prepared is L Rowland & Company Limited. Consolidated accounts are available from Companies House, Cardiff, CF4 3UZ.

Since the period end L Rowland and Company Limited was acquired by Phoenix Medical Supplies Limited a subsidiary of Phoenix Pharmahandel AG & Co, a company incorporated in Germany. This company is now considered to be the ultimate parent undertaking.