

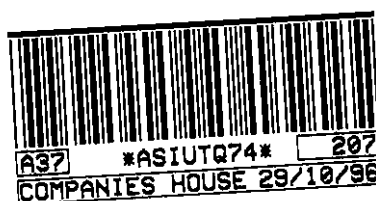
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**R A RACEY (GT YARMOUTH) LIMITED
AND ITS SUBSIDIARY COMPANIES**

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 1995

REG. No. 1207510



**PANNELL
KERR
FORSTER**
CHARTERED ACCOUNTANTS

R A RACEY (GT YARMOUTH) LIMITED
AND ITS SUBSIDIARY COMPANIES
ANNUAL REPORT
YEAR ENDED 31 DECEMBER 1995

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**R A RACEY (GT YARMOUTH) LIMITED
AND ITS SUBSIDIARY COMPANIES
DIRECTORS, OFFICERS AND REGISTERED OFFICE**

DIRECTORS

R A Racey
Mrs M R Racey
C S Racey

SECRETARY

Mrs M R Racey

REGISTERED OFFICE

Belton Lodge
Belton
Gt Yarmouth
Norfolk

AUDITORS

Pannell Kerr Forster
Chartered Accountants
19/21 Surrey Street
Lowestoft
Suffolk
NR32 1LP

**R A RACEY (GT YARMOUTH) LIMITED
AND ITS SUBSIDIARY COMPANIES
GROUP CONSOLIDATED ACCOUNTS
DIRECTORS' REPORT**

The directors present their annual report together with the audited consolidated financial statements for the year ended 31 December 1995.

RESULTS AND DIVIDENDS

The group made a profit on ordinary activities after taxation of £801,313 (1994: £186,151). The directors recommend the payment of the preference share dividend of £53,040 and recommend the balance of £748,273 be transferred to reserves.

REVIEW OF THE BUSINESS

The principal activities of the group continued to be the wholesaling and retailing of pharmaceutical goods and dispensing. The group has had a satisfactory years trading. In April 1995 the group sold its pharmacy retail outlets. One of the subsidiaries retains a small amount of income from property but the other has ceased to trade altogether. Since the sale the group only deals in wholesaling of pharmaceutical goods.

FUTURE DEVELOPMENTS

The directors plan to develop the activities of the group taking into account the general economic conditions which are likely to exist in the year ended 31 December 1996.

DIRECTORS

The directors of the company and their interests in the shares were as follows:-

	31 December 1995		31 December 1994	
	Shares of £1		Shares of £1	
	Ordinary	Preference	Ordinary	Preference
Mr R A Racey	135	348,800	135	348,800
Mrs M R Racey	135	161,200	135	161,200
Mr C S Racey	330	-	330	-

FIXED ASSETS

The movement in fixed assets during the year are set out in note 12 in the accounts.

SUBSIDIARIES

Information on the subsidiary companies is set out in note 13 in the accounts.

AUDITORS

The auditors Pannell Kerr Forster, Chartered Accountants, have signified their willingness to continue in office. A resolution to reappoint them will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

R A Racey
Director

GT YARMOUTH

25 October 1996

R A RACEY (GT YARMOUTH) 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 the group and of the profit or loss of the group 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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
R A RACEY (GT YARMOUTH) LIMITED
AND ITS SUBSIDIARY COMPANIES**

We have audited the financial statements on pages 5 to 21 which have been prepared under the accounting policies set out on page 9.

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.

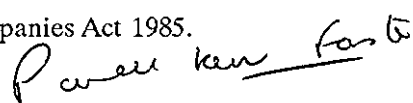
Basis of opinion

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 and group as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PANNELL KERR FORSTER
Chartered Accountants
Registered Auditors

Lowestoft

25 October 1996

R A RACEY (GT YARMOUTH) LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 1995

	<u>Notes</u>	<u>£</u>	<u>1995</u>	<u>£</u>	<u>1994</u>	<u>£</u>
TURNOVER	1(b),2					
Continuing operations		28,402,208		26,134,937		
Discontinued operations		875,275		3,098,707		
			29,277,483		29,233,644	
			(28,740,022)		(27,936,808)	
COST OF SALES						
			537,461		1,296,836	
GROSS PROFIT			(1,004,300)		(795,818)	
NET OPERATING EXPENSES	3					
OPERATING (LOSS)/PROFIT	4/5					
Continuing operations		(516,391)		241,489		
Discontinued operations		49,552		259,529		
			(466,839)		501,018	
PROFIT ON SALE OF AN OPERATION						
Discontinued operations			1,391,637		-	
OTHER INTEREST RECEIVABLE AND SIMILAR INCOME	7		-		2,512	
INTEREST PAYABLE AND SIMILAR CHARGES	8		(35,745)		(214,317)	
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			889,053		289,213	
TAX ON PROFIT ON ORDINARY ACTIVITIES	9		87,740		103,062	
PROFIT FOR THE FINANCIAL YEAR	10		801,313		186,151	
DIVIDENDS	11		53,040		53,040	
RETAINED PROFIT FOR THE YEAR	20		748,273		133,111	

There were no other recognised gains or losses apart from the profit for the year.

**R A RACEY (GT YARMOUTH) LIMITED
AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET
31 DECEMBER 1995**

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
FIXED ASSETS			
Tangible assets	12	105,322	311,993
CURRENT ASSETS			
Stocks	14	755,978	632,292
Debtors	15	5,150,093	4,859,190
Cash at bank and in hand		7,011	67,081
		<u>5,913,082</u>	<u>5,558,563</u>
CREDITORS			
Amounts falling due within one year	16	(3,626,299)	(4,857,075)
NET CURRENT ASSETS		<u>2,286,783</u>	<u>701,488</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,392,105</u>	<u>1,013,481</u>
CREDITORS			
Amounts falling due after more than one year	17	678,000	18,424
PROVISIONS FOR LIABILITIES AND CHARGES	18	-	(47,649)
NET ASSETS		<u>1,714,105</u>	<u>965,832</u>
CAPITAL AND RESERVES			
Called up share capital	19	510,600	510,600
Retained profits	20	1,203,505	455,232
SHAREHOLDERS' FUNDS (including non-equity funds)	21	<u>1,714,105</u>	<u>965,832</u>

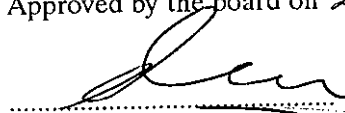
Approved by the board on *25th October 1996*


..... Director
C S Racey

**R A RACEY (GT YARMOUTH) LIMITED
AND ITS SUBSIDIARY COMPANIES
COMPANY BALANCE SHEET
31 DECEMBER 1995**

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
FIXED ASSETS			
Tangible assets	12	30,645	33,972
Investments	13	510,000	510,000
CURRENT ASSETS			
Stocks	14	755,978	191,339
Debtors	15	5,359,174	4,364,568
Cash at bank and in hand		200	60,548
		<u>6,115,352</u>	<u>4,616,455</u>
CREDITORS			
Amounts falling due within one year	16	<u>(5,449,455)</u>	<u>(4,579,417)</u>
NET CURRENT ASSETS		<u>665,897</u>	<u>37,038</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,206,542</u>	<u>581,010</u>
CREDITORS			
Amounts falling due in more than one year		678,000	-
PROVISIONS FOR LIABILITIES AND CHARGES	18	-	475
		<u>(678,000)</u>	<u>(475)</u>
NET ASSETS		<u><u>528,542</u></u>	<u><u>580,535</u></u>
CAPITAL AND RESERVES			
Called up share capital	19	510,600	510,600
Profit and loss account	20	17,942	69,935
SHAREHOLDERS FUNDS (including non-equity funds)	21	<u><u>528,542</u></u>	<u><u>580,535</u></u>

Approved by the board on *25th October 1996*

 Director
C S Racey

**R A RACEY (GT YARMOUTH) LIMITED
AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 1995**

	<u>Notes</u>	<u>£</u>	<u>1995</u>	<u>£</u>	<u>1994</u>	<u>£</u>
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	23		(238,931)		1,603,745	
RETURNS ON INVESTMENTS AND SERVICES OF FINANCE						
Interest received		-		2,512		
Interest paid		(56,900)		(235,255)		
Dividends paid		(106,080)		(106,080)		
NET CASH (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(162,980)		(338,823)	
TAXATION						
Corporation tax (paid)/recovered (including advance corporation tax)			(83,358)		(217,884)	
INVESTING ACTIVITIES						
Payments to acquire tangible and intangible fixed assets		-		(40,870)		
Receipts from sales of tangible and intangible fixed assets		1,588,812		820		
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES			1,588,812		(40,050)	
NET CASH INFLOW BEFORE FINANCING			1,103,543		1,006,988	
FINANCING						
Capital element of hire purchase payments and loans		(26,436)		(5,584)		
Loans transferred to directors current accounts		(450,000)		-		
NET CASH (OUTFLOW) FROM FINANCING	24		(476,436)		(5,584)	
INCREASE IN CASH AND CASH EQUIVALENTS	25		627,107		1,001,404	

**R A RACEY (GT YARMOUTH) LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1995**

1 ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material to the group's affairs.

(a) Accounting convention

The financial statements are prepared under the historical cost convention as modified to include the revaluation of investments and are prepared in accordance with applicable accounting standards.

(b) Turnover

Turnover represents invoiced sales less allowances, trade discounts and excluding value added tax.

(c) Tangible fixed assets and depreciation

Tangible fixed assets are written off over their estimated useful lives at the following rates:

Expenditure on leasehold property	Over the life of the lease
Fixtures and fittings	15% reducing balance
Motor vehicles	20% reducing balance

Freehold property is not depreciated.

(d) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis, and includes all direct costs incurred and attributable production overheads. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

(e) Pension costs

A group company operates a defined contribution scheme providing benefits for employees additional to those from the state. The pension cost charge represents contributions payable by that company to the fund in respect of the year.

(f) Deferred taxation

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

**R A RACEY (GT YARMOUTH) LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1995**

2 TURNOVER

Turnover is attributable to the principal activity.
Group turnover includes the following sales to a company in which the directors have an involvement:-

	£
Stephar (UK) Limited	<u>8,211,317</u>

All turnover arose from trading within the European Union.

3 OTHER OPERATING INCOME

	<u>1995</u>	<u>1994</u>
	£	£
Management charges:-		
Stephar (UK) Limited	90,000	120,000
Rent receivable	19,078	8,137
Sundry income	-	1,919
	<u>109,078</u>	<u>130,056</u>

4 OPERATING PROFIT

	<u>1995</u>			<u>1994</u>		
	Continuing £	Discontinued £	Total £	Continuing £	Discontinued £	Total £
Turnover	28,402,208	875,275	29,277,483	26,134,937	3,098,707	29,233,644
Cost of sales	28,119,207	620,815	28,734,933	25,803,970	2,132,838	27,936,808
Gross profit	283,001	254,460	542,550	330,967	965,869	1,296,836
Administrative expenses	(898,470)	(214,908)	(1,118,467)	(179,534)	(746,340)	(925,874)
Other operating income	99,078	10,000	109,078	90,056	40,000	130,056
Operating (loss)/profit	<u>(516,391)</u>	<u>49,552</u>	<u>(466,839)</u>	<u>241,489</u>	<u>259,529</u>	<u>501,018</u>

Pannell Kerr Forster

	<u>1995</u>	<u>1994</u>
Operating profit is stated after charging/(crediting):	£	£
Staff costs (see note 5)	989,464	680,832
Auditors' remuneration - audit	8,250	10,500
non audit	2,000	3,065
Depreciation written off tangible fixed assets	9,496	31,364
Adjustment on disposal of fixed assets	(113)	8,245

Staff costs comprised:	£	£
Wages and salaries	898,944	630,628
Social Security costs	89,277	46,113
Other pension costs	1,243	4,091
	<u>989,464</u>	<u>680,832</u>

	<u>Number</u> <u>1995</u>	<u>Number</u> <u>1994</u>
Office and management	15	38

**R A RACEY (GT YARMOUTH) LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1995**

6 DIRECTORS' REMUNERATION

The aggregate amount of directors' emoluments comprised:

	£	£
Fees and salaries	766,590	92,100
Benefits in kind (estimated)	4,246	147,557
	<u>770,836</u>	<u>239,657</u>
Chairman (and highest paid director)	<u>488,580</u>	<u>165,700</u>

Emoluments of other directors fell within the following ranges:

	<u>Number of directors</u>	
	<u>1995</u>	<u>1994</u>
	£	£
£30,001 - £35,000	-	1
£35,001 - £40,000	-	1
£50,001 - £55,000	1	-
£255,001 - £260,000	1	-
	<u>1</u>	<u>2</u>

7 INTEREST RECEIVABLE

	<u>1995</u>	<u>1994</u>
	£	£
Bank interest	-	2,512
	<u>-</u>	<u>2,512</u>

8 INTEREST PAYABLE AND SIMILAR CHARGES

Interest on bank loans and overdrafts and other loans which:-

	<u>1995</u>	<u>1994</u>
	£	£
i. are not repayable by instalments and due within 5 years	35,056	213,015
ii. are repayable by instalments wholly due within 5 years	689	1,122
	<u>35,745</u>	<u>214,137</u>

**R A RACEY (GT YARMOUTH) LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1995**

9	TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>1995</u> £	<u>1994</u> £
	Corporation tax on the profit for the year at 25% to 33% (1994: 25% to 33%)	116,965	96,658
	Deferred taxation	(29,225)	(3,475)
	Interest paid	-	10,509
		<u>87,740</u>	<u>103,692</u>
	Taxation (over) provided in previous years:		
	Corporation tax	-	(630)
		<u>87,740</u>	<u>103,062</u>

10 PROFIT FOR THE FINANCIAL YEAR

The company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group profit for the year after taxation includes a loss of £358,953 which is dealt with in the financial statements of the parent company.

11 DIVIDENDS

	<u>1995</u> £	<u>1994</u> £
Preference dividend paid:-		
Preference shares 10.40p per share (1994: 10.40p)	53,040	53,040

**R A RACEY (GT YARMOUTH) LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1995**

12 TANGIBLE FIXED ASSETS - GROUP

The movements on these accounts during the year was as follows:

	<u>Freehold property</u> £	<u>Expenditure on leased premises</u> £	<u>Fixtures and fittings</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
Cost					
At 1 January 1995	87,081	76,844	341,566	128,961	634,452
Disposals	-	(65,843)	(312,995)	(108,146)	(486,984)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1995	87,081	11,001	28,571	20,815	147,468
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 January 1995	-	47,871	196,862	77,726	322,459
Charge	-	3,560	2,619	3,317	9,496
Disposals	-	(47,030)	(175,860)	(66,919)	(289,809)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1995	-	4,401	23,621	14,124	42,146
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book amount					
At 31 December 1995	87,081	6,600	4,950	6,691	105,322
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1994	87,081	28,973	144,704	51,235	311,993
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**R A RACEY (GT YARMOUTH) LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1995**

12 TANGIBLE FIXED ASSETS (CONT) - COMPANY

	<u>Freehold Property</u> £	<u>Fixtures and fittings</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
Cost				
At 1 January 1995	30,000	2,343	24,703	57,046
Disposals	-	-	(24,703)	(24,703)
	<u>30,000</u>	<u>2,343</u>	<u>-</u>	<u>32,343</u>
At 31 December 1995				
	<u>30,000</u>	<u>2,343</u>	<u>-</u>	<u>32,343</u>
Depreciation				
At 1 January 1995	-	1,583	21,491	23,074
Charge	-	115	-	115
Disposals	-	-	(21,491)	(21,491)
	<u>-</u>	<u>1,698</u>	<u>-</u>	<u>1,698</u>
At 31 December 1995				
	<u>-</u>	<u>1,698</u>	<u>-</u>	<u>1,698</u>
Net book value				
31 December 1995	30,000	645	-	30,645
	<u>30,000</u>	<u>645</u>	<u>-</u>	<u>30,645</u>
31 December 1994	30,000	760	3,212	33,972
	<u>30,000</u>	<u>760</u>	<u>3,212</u>	<u>33,972</u>

13 FIXED ASSETS INVESTMENTS - COMPANY

Investments in subsidiaries:

	<u>1995</u> £	<u>1994</u> £
Share at cost less amounts written off		
R A Racey Limited		
- 1000 £1 ordinary shares	220,000	220,000
R A Racey (Chemists) Limited		
- 100 £1 ordinary shares	290,000	290,000
	<u>510,000</u>	<u>510,000</u>

**R A RACEY (GT YARMOUTH) LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1995**

13 FIXED ASSET INVESTMENT - COMPANY (CONT)

Details of subsidiary companies at the year end are as follows:-

<u>Name of company and type of business</u>	<u>Class of share</u>	<u>Holding</u>	<u>Year end</u>
<u>Subsidiaries</u>			
R A Racey (Chemists) Limited Wholesaler of pharmaceutical goods to April 1995 (cessation of trade)	Ordinary	100%	31 December 1995
R A Racey Limited Wholesaler and operation of community pharmacies to April 1995 (cessation of trade)	Ordinary	100%	31 December 1995

From April 1995 investment company

The subsidiary companies are registered in England and Wales and are included in the consolidated accounts.

14 STOCKS AND WORK IN PROGRESS	GROUP		COMPANY	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Goods for resale	755,978	632,292	755,978	191,339

15 DEBTORS	GROUP		COMPANY	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Amounts due within one year:				
Trade debtors	1,355,719	1,538,469	1,355,719	1,035,677
Amounts owed by group company				
- R A Racey Limited	-	-	-	258,990
Amounts owed by related companies	3,510,334	3,086,210	3,493,569	3,069,445
Other taxes repayable	159,067	217,936	26,851	-
Prepayments	-	16,244	-	125
Dividends receivable	-	-	360,000	-
Corporation tax recoverable	123,035	331	123,035	-
Other debtors	1,938	-	-	-
Amounts due after more than one year:				
ACT recoverable	-	-	-	331
	<u>5,150,093</u>	<u>4,859,190</u>	<u>5,359,174</u>	<u>4,364,568</u>

**R A RACEY (GT YARMOUTH) LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1995**

**16 CREDITORS - AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	GROUP		COMPANY	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Bank loans and overdrafts	86,049	773,226	86,049	-
Trade creditors	2,534,373	2,231,030	2,534,373	1,212,032
Amounts owed to group company				
- R A Racey Limited	-	-	1,019,436	-
- R A Racey (Chemists) Limited	-	-	1,114,571	1,622,664
Amounts owed to related companies	123,676	1,114,412	59,482	1,097,471
Corporation tax payable	240,388	70,486	33	26,133
Other taxation and social security costs	334,580	15,991	334,580	1,879
Directors' current accounts	256,879	70,331	256,879	69,329
Directors' loan account	-	450,000	-	450,000
Accruals	10,000	57,287	4,700	33,609
ACT payable	26,520	13,260	26,520	13,260
Dividend proposed	-	53,040	-	53,040
Amounts due under hire purchase agreements	-	8,012	-	-
Other creditors	13,834	-	12,832	-
	<u>3,626,299</u>	<u>4,857,075</u>	<u>5,449,455</u>	<u>4,579,417</u>

**17 CREDITORS - AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	GROUP		COMPANY	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Amounts due under hire purchase agreements	-	18,424	-	-
Directors current accounts	678,000	-	678,000	-
	<u>678,000</u>	<u>18,424</u>	<u>678,000</u>	<u>-</u>
The total amount of loans and overdrafts was as follows:				
Falling due within one year:				
Bank overdrafts and loans	86,049	773,226	-	-
Other loans	-	450,000	-	450,000
Total borrowings	<u>86,049</u>	<u>1,223,226</u>	<u>-</u>	<u>450,000</u>

The bank borrowings are secured on the assets of the group companies.

**R A RACEY (GT YARMOUTH) LIMITED
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18 PROVISIONS FOR LIABILITIES AND CHARGES - DEFERRED TAXATION - GROUP

Deferred taxation provision and potential liability comprise:

	<u>1995</u>		<u>1994</u>	
	<u>Provision</u>	Not	<u>Provision</u>	Not
	£	provided	£	provided
		£		£
Accelerated capital allowances	NIL	NIL	29,225	NIL
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Movements on the provision for deferred taxation are:-

	£
At 1 January 1995	29,225
Transferred to profit and loss account	(29,225)
	<u> </u>
At 31 December 1995	<u> </u>

18 PROVISIONS FOR LIABILITIES AND CHARGES - DEFERRED TAXATION - COMPANY

Deferred taxation provision and potential liability comprise:

	<u>1995</u>		<u>1994</u>	
	<u>Provision</u>	Not	<u>Provision</u>	Not
	£	provided	£	provided
		£		£
Accelerated capital allowances	NIL	NIL	475	NIL
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Movements on provision for deferred taxation are:-

	£
At 1 January 1995	475
Transferred to profit and loss account	(475)
	<u> </u>
At 31 December 1995	<u> </u>

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19 CALLED UP SHARE CAPITAL

	AUTHORISED	ALLOTTED, CALLED UP AND FULLY PAID	
	<u>1995</u>	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Ordinary shares of £1 each	25,000	600	600
13% non-participating, non redeemable preference shares of £1 each	510,000	510,000	510,000
	<u>535,000</u>	<u>510,600</u>	<u>510,600</u>

Rights attaching to the 510,000 £1 preference shares are as follows:-

The shares are denominated "13% cumulative, non participating, non redeemable preference shares" conferring upon the holders thereof the following rights subject to the restrictions following namely:-

- i. the right to cumulative preferential dividend at the rate of 13% per annum gross on the capital paid up thereon.
- ii. the right in a winding up to a return on capital paid up thereon and any arrears of the said cumulative preferential dividend calculated (whether earned or declared or not) down to the date of payment but to no further or other rights to share in surplus assets.
- iii. the right to attend and vote at general meetings of the company only in one of the following events; namely:-
 - a. if the said preferential dividend shall be in arrear for more than six months, and so that for this purpose only the same shall be deemed to fall due and be payable on 30th day of April and 31st day of October in each year; or
 - b. if any resolution or proposal in respect of such preference share is to be put or discussed and then only on such resolution or proposal.

20 RESERVES

The movement on reserves during the year was as follows:

	GROUP Profit and loss account £	COMPANY Profit and loss account £
As at 1 January 1995	455,232	69,935
Profit/(loss) retained for the year	748,273	(51,993)
At 31 December 1995	<u>1,203,505</u>	<u>17,942</u>

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21	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	GROUP	GROUP	COMPANY	COMPANY
		<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
		£	£	£	£
	Profit for the financial year	801,313	186,151	1,047	97,264
	Dividends	(53,040)	(53,040)	(53,040)	(53,040)
		<u>748,273</u>	<u>133,111</u>	<u>(51,993)</u>	<u>44,224</u>
	Balance at 1 January 1995	965,832	832,721	580,535	536,311
	Balance at 31 December 1995	<u>1,714,105</u>	<u>965,832</u>	<u>528,542</u>	<u>580,535</u>

Shareholders funds of the Group and Company includes £510,000 in respect of non-equity shareholders funds.

22 CONTINGENT LIABILITIES

The company has entered a cross guarantee in respect of R A Racey Limited and R A Racey (Chemists) Limited and Stephar (UK) Limited and its subsidiary Howard & Palmer Limited.

23	RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	<u>1995</u>	<u>1994</u>
		£	£
	Operating (loss)/profit	(466,839)	501,018
	Depreciation	9,496	31,364
	Loss on sale of tangible fixed assets	-	8,245
	(Increase) in stocks	(123,686)	(226,833)
	(Increase)/decrease in debtors	(141,348)	131,232
	Increase in creditors	483,446	1,158,719
	Net cash (outflow)/inflow from operating activities	<u>(238,931)</u>	<u>1,603,745</u>

24 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital	Loans and finance lease obligations	Share capital	Loans and finance lease obligations
	<u>1995</u>	<u>1995</u>	<u>1994</u>	<u>1994</u>
	£	£	£	£
At 1 January 1995	510,600	476,436	510,600	450,000
Cash (outflow) from financing	-	(26,436)	-	(5,584)
Inception of hire purchase agreements	-	-	-	32,020
Transferred to directors current account	-	(450,000)	-	-
At 31 December 1995	<u>510,600</u>	<u>-</u>	<u>510,600</u>	<u>476,436</u>

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25 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR	<u>1995</u>	<u>1994</u>
	£	£
At 1 January 1995	(706,145)	(1,707,549)
Net cash inflow	627,107	1,001,404
At 31 December 1995	<u>(79,038)</u>	<u>(706,145)</u>

26 CASH AND CASH EQUIVALENTS

	<u>Change in year</u>	<u>1995</u>	<u>1994</u>
	£	£	£
Cash at bank and in hand	(60,070)	7,011	67,081
Bank overdrafts	687,177	(86,049)	(773,226)
	<u>627,107</u>	<u>(79,038)</u>	<u>(706,145)</u>

27 TRANSACTIONS INVOLVING DIRECTORS

During the year:-

1. the company paid interest of £43,495 to R A Racey, a director of the company, in respect of a loan made by him to the company. The transaction is on an arms length basis.
2. sales of £8,211,317 have been made in the ordinary course of business to Stephar (UK) Limited, a company in which the directors have an interest.
3. purchases of £12,510,916 have been made in the ordinary course of business from Howard and Palmer Limited, a company in which the directors have an interest.