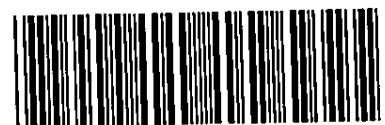


**R A RACEY (GT YARMOUTH) LIMITED**

**ABBREVIATED ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2006**

TUESDAY



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10/06/2008

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COMPANIES HOUSE

**R A RACEY (GT YARMOUTH) LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	Mr C S Racey Mrs J M Racey
<b>Secretary</b>	Mrs J M Racey
<b>Company number</b>	1207510
<b>Registered office</b>	The Cliff Southward Lane Langland SWANSEA SA3 4QE
<b>Auditors</b>	PKF (UK) LLP East Coast House Galahad Road Beacon Park Gorleston Great Yarmouth NR31 7RU
<b>Bankers</b>	National Westminster Bank PLC 67 High Street Seven Oaks Kent TN13 1LA
<b>Solicitors</b>	Lambert Pugh 19 Charing Cross Norwich Norfolk NR2 4AX

# **R A RACEY (GT YARMOUTH) LIMITED**

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# **R A RACEY (GT YARMOUTH) LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006**

The directors present their report and the financial statements for the year ended 31 December 2006

### **Principal activities**

The company's principal activity was the wholesale of pharmaceutical goods

### **Business review**

During the year, turnover increased from £15,205,920 to £18,490,542, an increase of 22%

The gross profit percentage rose in the year from 0.3% to 0.9%

The directors consider the company's performance to be an improvement on the previous year, and will continue to develop the company's activities with a view to returning the company to profitability

### **Future developments**

The directors plan to develop the activities of the company taking into account the general economic conditions which are likely to exist in the year to 31 December 2007

### **Financial risk management**

The company does not actively use financial instruments as part of its financial risk management. Its policy is to finance working capital through retained earnings and through borrowings at prevailing market interest rates, and to fix the sterling costs of imported goods by entering into forward exchange contracts via a related company. The company also uses redeemable preference shares at fixed rates of interest.

The company's exposure to the price risk of financial instruments is therefore managed. As the preference shares are held by the directors and the counterparty to all other financial instruments is its bankers, it is also exposed to minimal credit and liquidity risks in respect of these instruments.

Its cash flow risk in respect of forward currency purchases is also managed as it aims to pay suppliers in accordance with their stated terms. It is exposed to usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures.

### **Results and dividends**

The loss for the year, after taxation, amounted to £119,242 (2005 - Loss £103,320)

### **Directors**

The directors who served during the year were

Mr C S Racey

Mrs J M Racey

### **Provision of information to auditors**

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

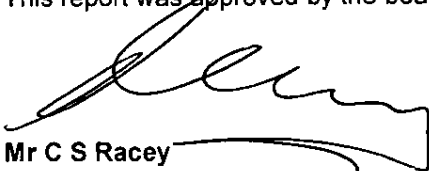
**R A RACEY (GT YARMOUTH) LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**Auditors**

The auditors, PKF (UK) LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985

This report was approved by the board on *3rd June 2008* and signed on its behalf



**Mr C S Racey**  
Director

**R A RACEY (GT YARMOUTH) LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 DECEMBER 2006**

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

- select suitable accounting policies and then apply them consistently,
- make judgments 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 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 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.

## **R A RACEY (GT YARMOUTH) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO R A RACEY (GT YARMOUTH) LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts, which comprise the abbreviated profit and loss account, the balance sheet, the cash flow statement, the statement of recognised gains and losses and the related notes, together with the financial statements of R A Racey (GT Yarmouth) Limited for the year ended 31 December 2006 prepared under section 226 of the Companies Act 1985

This report is made solely to the company, as a body, in accordance with section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state 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 for our work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

#### **Basis of opinion**

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

#### **Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246 A(3) of the Companies Act 1985, and the abbreviated accounts on pages 6 to 18 have been properly prepared in accordance with that provision.

#### **Other information**

On 3/6/08 we reported as auditors to the company on the financial statements prepared under section 226 of the Companies Act 1985 and included the following statement:

**R A RACEY (GT YARMOUTH) LIMITED**

**INDEPENDENT AUDITORS' REPORT TO R A RACEY (GT YARMOUTH) LIMITED  
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

**Emphasis of matter**

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in note 1 1 to the financial statements concerning the company's ability to continue as a going concern

As explained in note 1 1 due to the existence of the cross guarantees the directors believe the going concern position should be viewed on a basis which take account of all the companies detailed in note 20

These companies are dependent upon their bankers to meet their day to day working capital requirements through the provision of long term loans and an overdraft facility. The directors are currently renegotiating these funding provisions with its bankers which are secured upon the assets of the various companies including stock of sites for development. The funding proposal is dependent upon the realisation of development stock and the conversion of loss making companies into profits

Whilst the directors are confident that they will be able to realise the development sites held the timing of these is uncertain due to the down turn in the property market. The directors have also reviewed the trading status of the companies and believe that they have taken appropriate steps to turn the loss making companies into profits although it would take some time for these changes to flow through to working capital and therefore the timing of this is also uncertain

The company is therefore reliant upon its bankers offering sufficient facilities to meet its liabilities as they fall due. The directors are confident that this support will be forthcoming. There is however an inherent uncertainty in that the required level of support from the bankers cannot be guaranteed

These conditions indicate the existence of an inherent uncertainty relating to matters beyond its control and which may cast doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

PKF (UK) LLP

Registered auditors

Great Yarmouth, UK

Date 3 June 2008

*Handwritten signature: A K (UK) LLP*



**R A RACEY (GT YARMOUTH) LIMITED**

**ABBREVIATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2006**

	<b>Note</b>	<b>2006 £</b>	<b>2005 £</b>
<b>GROSS PROFIT</b>		<b>173,078</b>	<b>38,933</b>
Administrative expenses		<b>(155,425)</b>	<b>(9,083)</b>
Other operating income	2	<b>14,106</b>	<b>14,437</b>
		<hr/>	<hr/>
<b>OPERATING PROFIT</b>	3	<b>31,759</b>	<b>44,287</b>
<b>EXCEPTIONAL ITEMS</b>			
Loan provision	5	<b>(108,944)</b>	<b>(85,543)</b>
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>(77,185)</b>	<b>(41,256)</b>
Interest receivable		<b>33,550</b>	<b>11,834</b>
Interest payable	4	<b>(60,533)</b>	<b>(62,271)</b>
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(104,168)</b>	<b>(91,693)</b>
Tax on loss on ordinary activities	6	<b>(15,074)</b>	<b>(11,627)</b>
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>	13	<b>(119,242)</b>	<b>(103,320)</b>
		<hr/>	<hr/>

All amounts relate to continuing operations

The notes on pages 10 to 18 form part of these financial statements

There was no material difference between the reported result and the result calculated on an unmodified historical cost basis

**R A RACEY (GT YARMOUTH) LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2006**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>LOSS FOR THE FINANCIAL YEAR</b>	<b>(119,242)</b>	<b>(103,320)</b>
Unrealised surplus on revaluation of investment properties	<u>-</u>	<u>62,919</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<b><u>(119,242)</u></b>	<b><u>(40,401)</u></b>

The notes on pages 10 to 18 form part of these financial statements

**R A RACEY (GT YARMOUTH) LIMITED**

**ABBREVIATED BALANCE SHEET  
AS AT 31 DECEMBER 2006**

	Note	£	2006 £	£	2005 £
<b>FIXED ASSETS</b>					
Investment property	8		150,000		150,000
<b>CURRENT ASSETS</b>					
Stocks	9	220,525		153,182	
Debtors amounts falling due after more than one year	10	1,692,933		1,459,841	
Debtors amounts falling due within one year	10	2,719,749		4,487,663	
Cash at bank		900,606		1,103,013	
		<u>5,533,813</u>		<u>7,203,699</u>	
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(4,649,740)</u>		<u>(6,025,384)</u>	
<b>NET CURRENT ASSETS</b>			<u>884,073</u>		<u>1,178,315</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u><u>1,034,073</u></u>		<u><u>1,328,315</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		600		600
Revaluation reserve	13		62,919		62,919
Profit and loss account	13		970,554		1,264,796
<b>SHAREHOLDERS' FUNDS</b>	14		<u><u>1,034,073</u></u>		<u><u>1,328,315</u></u>

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium-sized companies, were approved and authorised for issue by the board and were signed on its behalf on *3rd June 2008*

  
**Mr C S Racey**  
Director

The notes on pages 10 to 18 form part of these financial statements

**R A RACEY (GT YARMOUTH) LIMITED**

**ABBREVIATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2006**

	<b>Note</b>	<b>2006 £</b>	<b>2005 £</b>
Net cash flow from operating activities	16	<b>531,840</b>	(839,338)
Returns on investments and servicing of finance	17	<b>(26,983)</b>	(50,437)
Taxation	17	<b>(11,721)</b>	(38,680)
Equity dividends paid		<b>(175,000)</b>	-
<b>CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>		<b>318,136</b>	(928,455)
Financing	17	<b>1,589</b>	(171,793)
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>		<b>319,725</b>	(1,100,248)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2006**

	<b>2006 £</b>	<b>2005 £</b>
Increase/(Decrease) in cash in the year	<b>319,725</b>	(1,100,248)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	<b>(1,589)</b>	171,793
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>318,136</b>	(928,455)
Net debt at 1 January 2006	<b>(1,448,866)</b>	(520,411)
<b>NET DEBT AT 31 DECEMBER 2006</b>	<b>(1,130,730)</b>	(1,448,866)

The notes on pages 10 to 18 form part of these financial statements

## **R A RACEY (GT YARMOUTH) LIMITED**

### **NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006**

#### **1 ACCOUNTING POLICIES**

##### **1.1 Basis of preparation of financial statements**

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention as modified by the revaluation of investment properties, and in accordance with applicable accounting standards

The accounts have been drawn up on a going concern basis which the directors consider to be the appropriate basis. Due to the existence of the cross guarantees the directors believe the going concern position should be viewed on a basis which takes account of all the companies detailed in note 20 in the full financial statements (note 19 in the abbreviated financial statements)

These companies are dependent upon their bankers to meet their day to day working capital requirements through the provision of long term loans and an overdraft facility. The directors are currently renegotiating these funding provisions with its bankers which are secured upon the assets of the various companies including stock of sites for development. The funding proposal is dependent upon the realisation of development stock and the conversion of loss making companies into profits.

Whilst the directors are confident that they will be able to realise the development sites held the timing of these is uncertain due to the downturn in the property market. The directors have also reviewed the trading status of the companies and believe that they have taken appropriate steps to turn the loss making companies into profits although it would take some time for these changes to flow through to working capital and therefore the timing of this is also uncertain.

The company is therefore reliant upon its bankers offering sufficient facilities to meet its liabilities as they fall due. The directors are confident that this support will be forthcoming. There is however an inherent uncertainty in that the required level of support from the bankers cannot be guaranteed.

##### **1.2 Turnover**

Income is recognised as the company fulfils its obligations which is normally upon delivery.

##### **1.3 Property, plant and equipment**

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

Motor vehicles	-	25%	reducing balance
Fixtures, fittings, tools & equipment	-	15%	straight line

##### **1.4 Investment properties**

Investment properties are included in the Balance Sheet at their open market value in accordance with Statement of Standard Accounting Practice No 19 and are not depreciated. This treatment is contrary to the Companies Act 1985 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company.

##### **1.5 Inventories and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

**R A RACEY (GT YARMOUTH) LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**1 ACCOUNTING POLICIES (continued)**

**1.6 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. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

**1.7 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 ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**1.8 Pensions**

The company operates a defined contribution pension scheme and the pension charge in the profit and loss account represents the amounts payable by the company to the fund in respect of the year.

**2 OTHER OPERATING INCOME**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Other operating income	<b>106</b>	<b>437</b>
Net rents receivable	<b>14,000</b>	<b>14,000</b>
	<b>14,106</b>	<b>14,437</b>

**3 OPERATING PROFIT**

The operating profit is stated after charging

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Auditors' remuneration	<b>5,000</b>	<b>6,000</b>

During the year, no director received any emoluments (2005 - £NIL)

The company has no other employees

During the year, 1 director (2005 - 1) was accruing benefits under a money purchase scheme

**R A RACEY (GT YARMOUTH) LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**4 INTEREST PAYABLE AND SIMILAR CHARGES**

	2006 £	2005 £
On bank overdrafts	863	-
On other loans	-	2,601
Dividends paid on shares classed as debt	59,670	59,670
	<u>60,533</u>	<u>62,271</u>

**5 EXCEPTIONAL ITEMS**

	2006 £	2005 £
Provision for related party loan	<u>108,944</u>	<u>85,543</u>

**6 TAXATION**

	2006 £	2005 £
<b>Analysis of tax charge in the year</b>		
UK corporation tax charge on profits for the year	15,000	11,647
Adjustments in respect of prior periods	74	(20)
<b>Total current tax</b>	<u>15,074</u>	<u>11,627</u>
<b>Tax on profit on ordinary activities</b>	<u>15,074</u>	<u>11,627</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2006 £	2005 £
Loss on ordinary activities before tax	<u>(104,168)</u>	<u>(91,693)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 - 30%)	(31,250)	(27,508)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	32,683	25,693
Capital allowances for year in excess of depreciation	(14)	(19)
Adjustments to tax charge in respect of prior periods	74	(20)
Preference share dividends	17,901	17,901
Marginal rate relief	(4,320)	(4,420)
<b>Current tax charge for the year (see note above)</b>	<u>15,074</u>	<u>11,627</u>

**R A RACEY (GT YARMOUTH) LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**6 TAXATION (continued)**

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges

**7. TANGIBLE FIXED ASSETS**

	<b>Furniture, fittings and equipment £</b>
<b>Cost or valuation</b>	
At 1 January 2006 and 31 December 2006	<u>1,926</u>
<b>Depreciation</b>	
At 1 January 2006 and 31 December 2006	<u>1,926</u>
<b>Net book value</b>	
At 31 December 2006	<u>-</u>
At 31 December 2005	<u>-</u>

**8. INVESTMENT PROPERTY**

	<b>Freehold property £</b>
<b>Cost and valuation</b>	
At 1 January 2006 and 31 December 2006	<u>150,000</u>
<b>Comprising</b>	
Cost	87,081
Annual revaluation surplus/(deficit) 2005	<u>62,919</u>
	<u>150,000</u>

The 2006 valuations were made by the directors, on an open market value for existing use basis

**9. STOCKS**

	<b>2006 £</b>	<b>2005 £</b>
Finished goods	<u>220,525</u>	<u>153,182</u>



**R A RACEY (GT YARMOUTH) LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**10 DEBTORS**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Due after more than one year</b>		
Other debtors	<b>1,692,933</b>	<b>1,459,841</b>
	<hr/>	<hr/>
	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Due within one year</b>		
Trade debtors	<b>1,260,394</b>	<b>646,481</b>
Other debtors	<b>1,459,355</b>	<b>3,841,182</b>
	<hr/>	<hr/>
	<b>2,719,749</b>	<b>4,487,663</b>
	<hr/>	<hr/>

**11. CREDITORS:  
Amounts falling due within one year**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Bank overdrafts	<b>1,514,485</b>	<b>2,036,617</b>
Other loans	<b>6,851</b>	<b>5,262</b>
Trade creditors	<b>2,366,823</b>	<b>1,188,559</b>
Corporation tax	<b>15,000</b>	<b>11,647</b>
Social security and other taxes	<b>55,887</b>	<b>248,290</b>
Other creditors	<b>174,694</b>	<b>2,019,009</b>
Accruals and deferred income	<b>6,000</b>	<b>6,000</b>
Share capital treated as debt (Note 12)	<b>510,000</b>	<b>510,000</b>
	<hr/>	<hr/>
	<b>4,649,740</b>	<b>6,025,384</b>
	<hr/>	<hr/>

Disclosure of the terms and conditions attached to the non-equity shares are made in note 12

The bank overdraft is secured by a fixed and floating charge over all of the company's assets

**12. SHARE CAPITAL**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Shares classified as capital</b>		
<b>Authorised</b>		
25,000 Ordinary shares of £1 each	<b>25,000</b>	<b>25,000</b>
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
600 Ordinary shares of £1 each	<b>600</b>	<b>600</b>
	<hr/>	<hr/>

# R A RACEY (GT YARMOUTH) LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

### 12 SHARE CAPITAL (continued)

#### Shares classified as debt

##### Authorised

510,000 Preference shares of £1 each	510,000	510,000
--------------------------------------	---------	---------

##### Allotted, called up and fully paid

510,000 Preference shares of £1 each	510,000	510,000
--------------------------------------	---------	---------

The shares classified as financial liabilities are 13% cumulative, non-participating, non redeemable preference shares, conferring upon the holders the following rights

- (i) The right to cumulative preferential dividends at a rate of 13% gross on the capital paid up thereon
- (ii) The right to winding up to a return on capital paid up thereon and any arrears of the said preferential dividend calculated 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 a) if the said preferential dividend shall be in arrears for more than 6 months and so that for this purpose only the same shall be deemed to fall due and be payable on 30 April and 31 October in each year or, b) if any resolution or proposal in respect of such preference shares is to be put or discussed and then only on such resolution or proposal

### 13 RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 January 2006	62,919	1,264,796
Loss retained for the year		(119,242)
Dividends Equity capital		(175,000)
	<u>62,919</u>	<u>970,554</u>
At 31 December 2006		

### 14. SHAREHOLDERS' FUNDS

	2006 £	2005 £
Opening shareholders' funds	1,328,315	1,368,716
Loss for the year	(119,242)	(103,320)
Dividends (Note 15)	(175,000)	-
Other recognised gains and losses during the year	-	62,919
	<u>1,034,073</u>	<u>1,328,315</u>
Closing shareholders' funds		

**R A RACEY (GT YARMOUTH) LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**15 DIVIDENDS**

	2006 £	2005 £
<b>Dividends paid on equity capital</b>		
Dividends paid on equity capital	<u>175,000</u>	<u>-</u>
<b>Dividends paid on shares classed as debt</b>		
Dividends paid on shares classed as debt	<u>59,670</u>	<u>59,670</u>
<b>Total dividends paid</b>	<u>234,670</u>	<u>59,670</u>

**16. GROSS CASH FLOWS**

	2006 £	2005 £
Operating profit	31,759	44,287
Increase in stocks	(67,343)	(152,041)
Decrease/(increase) in debtors	1,534,822	(1,735,716)
(Decrease)/increase in creditors	(858,454)	1,089,675
Loan provision	<u>(108,944)</u>	<u>(85,543)</u>
<b>Net cash inflow/(outflow) from operations</b>	<u>531,840</u>	<u>(839,338)</u>

**17 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2006 £	2005 £
<b>Returns on investments and servicing of finance</b>		
Non-equity dividends paid	(59,670)	(59,670)
Interest received	33,550	11,834
Interest paid	<u>(863)</u>	<u>(2,601)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>	<u>(26,983)</u>	<u>(50,437)</u>
	2006 £	2005 £
<b>Taxation</b>		
Corporation tax repaid/(paid)	<u>(11,721)</u>	<u>(38,680)</u>

# R A RACEY (GT YARMOUTH) LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

### 17. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2006 £	2005 £
<b>Financing</b>		
Loans from directors	234,670	770,086
Loans repaid to directors	(233,081)	(941,879)
<b>Net cash inflow/(outflow) from financing</b>	<b>1,589</b>	<b>(171,793)</b>

### 18. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2006 £	Cash flow £	Other non-cash changes £	31 December 2006 £
Cash at bank and in hand	1,103,013	(202,407)	-	900,606
Bank overdraft	(2,036,617)	522,132	-	(1,514,485)
	<b>(933,604)</b>	<b>319,725</b>	<b>-</b>	<b>(613,879)</b>
<b>Debt</b>				
Debts due within one year	(515,262)	(1,589)	-	(516,851)
<b>Net debt</b>	<b>(1,448,866)</b>	<b>318,136</b>	<b>-</b>	<b>(1,130,730)</b>

### 19. CONTINGENT LIABILITIES

The company has entered into a composite guarantee arrangement for the bank borrowings of the related companies Stephar (UK) Limited and Howard & Palmer Limited. The potential amount due under this guarantee is £7,489,341 (2005 - £2,467,985).

### 20. TRANSACTIONS WITH DIRECTORS

Included within creditors is a loan of £2,050 (2005 - £438) from C S Racey, a director. This loan account became a loan to C S Racey during the year, and the maximum amount owed by C S Racey during the year was £230,021.

Preference share dividends amounting to £59,670 (2005 - £59,670) were paid to C S Racey in the year.

Dividends on the ordinary share capital amounting to £175,000 (2005 - £Nil) were paid to C S Racey in the year.

## **R A RACEY (GT YARMOUTH) LIMITED**

### **NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006**

#### **21 RELATED PARTY TRANSACTIONS**

During the year, the company made sales to Stephar (UK) Limited, a company in which the directors have an interest, of £10,737,944 (2005 - £11,389,471) The company made purchases from Stephar (UK) Limited of £7,605,198 (2005 £3,614,471) The company also paid Stephar (UK) Limited a management charge of £147,900 (2005 - £Nil) The amount owing from Stephar (UK) Limited at the year end amounted to £1,393,568 (2005 - £3,776,313)

At the year end, Aeropax International Limited, a company in which the directors have an interest, owed £50,274 (2005 - £50,274)

At the year end, the company owed Howard & Palmer Limited, a company in which the directors have an interest, £58,633 (2005 - £2,017,276)

During the year, the company made purchases from Chateau Rousseau de Sipian Limited, a company controlled by the directors, of £405,787 (2005 - £31,608) At the year end, the company owed Chateau Rousseau de Sipian £Nil (2005 - £31,944), included in trade creditors Also at the year end, Chateau Rousseau de Sipian owed the company £1,692,933 (2005 - £1,459,841) included in other debtors due in more than one year This balance is net of a loan provision of £483,074 (2005 - £374,130) The charge in the year in respect of the provision is £108,944 (2005 - £85,543)

During the year, the company made sales to European Pharmaceutical Holdings BV, a company in which the directors have an interest, of £823,875 (2005 £137,690) At the year end, European Pharmaceutical Holdings BV owed the company £673,305 (2005 £28,179), included in trade debtors The company made purchases from European Pharmaceutical Holdings BV of £76,066 (2005 £191,918) At the year end, the company owed European Pharmaceutical Holdings BV £144,363 (2005 £72,624), included in trade creditors Included in other creditors is a loan from European Pharmaceutical Holdings BV of £108,000

Included in other creditors is a loan of £4,802 (2005 - £4,802) from the estate of M R Racey (deceased), a former director and shareholder

#### **22. CONTROLLING PARTIES**

The company is controlled by Mr C S Racey