

CLEMENTINE ASSOCIATES LIMITED

REPORTS AND ACCOUNTS

FOR THE YEAR ENDED 30 APRIL 2007

REGISTERED NUMBER 4400324

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CLEMENTINE ASSOCIATES LIMITED

REPORTS AND ACCOUNTS

For the year ended 30 April 2007

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Director

J A Lynch-Batten

Secretary and registered office

Mrs G M Lynch-Batten
Globe House
Eclipse Park
Sittingbourne Road
Maidstone,
Kent ME14 3EN

Auditors

Day, Smith & Hunter
Globe House
Eclipse Park
Sittingbourne Road
Maidstone
Kent ME14 3EN

CLEMENTINE ASSOCIATES LIMITED

REPORT OF THE DIRECTOR

For the year ended 30 April 2007

The director submits his report and accounts for the year ended 30 April 2007

PRINCIPAL ACTIVITY

During the year the company operated as a non trading company holding shares in its trading subsidiaries

REVIEW OF THE BUSINESS

The company's only income during the year was the management fee of £63,000 receivable from A & S Shillam Limited and bank interest of £181

The results of the company's two trading subsidiaries are disclosed in Note 6 on page 9 of the accounts. Further commentary on the business results of A & S Shillam Limited, which operates the group's retail pharmacies, is contained in the director's report in the financial statements of that company for the year ended 30 April 2007

RESULTS

The profit for the year, after taxation, was £1,811

DIRECTOR

The director, who held office during the financial year, was Mr J A Lynch-Batten

DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 director is 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

FIXED ASSETS

The movements in the fixed assets of the company are disclosed in Note 6 to the accounts

DISCLOSURE OF INFORMATION TO AUDITORS

The director confirms that so far as he is aware, there is no relevant audit information of which the company's auditors are unaware. He has taken all the steps that he needs to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

CLEMENTINE ASSOCIATES LIMITED

REPORT OF THE DIRECTOR

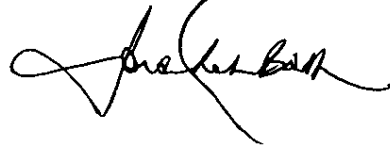
For the year ended 30 April 2007

(continued)

AUDITORS

The auditors, Day, Smith & Hunter, will be proposed for re-election in accordance with Section 385 of the Companies Act 1985

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'J A Linch-Batten', written over a horizontal line.

J A LINCH-BATTEN
DIRECTOR

REGISTERED OFFICE

Globe House
Eclipse Park
Sittingbourne Road
Maidstone
Kent ME14 3EN

27-2-2008

CLEMENTINE ASSOCIATES LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
CLEMENTINE ASSOCIATES LIMITED

We have audited the financial statements of Clementine Associates Limited for the year ended 30 April 2007 set out on pages 5 to 11. These financial statements have been prepared under the accounting policies set out therein.

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 the director and auditors

The director's responsibilities for preparing 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 Director's 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 director's 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 of the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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 director 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.

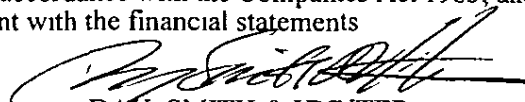
We planned and performed our audit so as to obtain all the information and explanations, which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity 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 30 April 2007 and of its profit for the year then ended,
- the financial statements 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.

Globe House, Eclipse Park
Sittingbourne Road
Maidstone
Kent ME14 3EN
27.2.2008


DAY, SMITH & HUNTER
Chartered Accountants
Registered Auditors

CLEMENTINE ASSOCIATES LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30 April 2007

	<u>Notes</u>		<u>30 4 2006</u>
Income from group undertaking	2	63,000	76,000
Administration expenses		(2,391)	(2,498)
OPERATING PROFIT	3	60,609	73,502
Interest receivable		181	120
Interest payable and similar charges	4	(57,053)	(70,006)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,737	3,616
Taxation	5	(1,926)	(139)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	10	£1,811	£3,477

None of the company's activities were acquired or discontinued during the above two years

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

The notes on pages 8 to 11 form part of these accounts

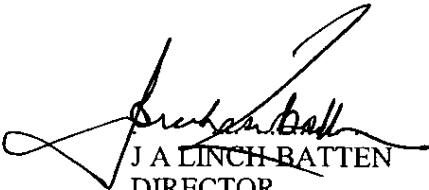
CLEMENTINE ASSOCIATES LIMITED

BALANCE SHEET

As at 30 April 2007

	<u>Notes</u>		<u>30 4 2006</u>
FIXED ASSETS			
Investments	6	1,970,620	1,970,620
CURRENT ASSETS			
Cash at bank and in hand		25,363	28,999
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	7	<u>343,244</u>	<u>308,450</u>
NET CURRENT LIABILITIES		<u>(317,881)</u>	<u>(279,451)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,652,739	1,691,169
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	8	<u>(1,633,230)</u>	<u>(1,673,471)</u>
NET ASSETS		<u>£19,509</u>	<u>£17,698</u>
CAPITAL AND RESERVES			
Called up share capital	9	1	1
Profit and loss account	10	<u>19,508</u>	<u>17,697</u>
SHAREHOLDERS' FUNDS	11	<u>£19,509</u>	<u>£17,698</u>

Approved by the board of directors on 27 2 2008


J A LINCH-BATTEN
DIRECTOR

The notes on pages 8 to 11 form part of these accounts

CLEMENTINE ASSOCIATES LIMITED

CASH FLOW STATEMENT

As at 30 April 2007

	<u>Notes</u>		<u>30 4 2006</u>
OPERATING ACTIVITIES			
Net cash flow from operating activities	12a	78,726	74,102
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest and similar income received	181	120	
Interest and similar charges paid	<u>(57,053)</u>	<u>(70,006)</u>	
Net cash flow from returns on investments and servicing of finance		(56,872)	(69,886)
CAPITAL EXPENDITURE			
Payments to acquire fixed asset investment		-	(1)
Net cash flow from investing activities		21,854	4,215
FINANCING			
Increase in short term bank loan	14,751	13,752	
Repayment in long term bank loan	(273,241)	(238,905)	
Increase in other creditors falling due after more than one year	<u>233,000</u>	<u>219,000</u>	
Net cash flow from financing		(25,490)	(6,153)
Decrease in cash	12b/c	<u>£(3,636)</u>	<u>£(1,938)</u>

The notes on pages 8 to 11 form part of these accounts

CLEMENTINE ASSOCIATES LIMITED

NOTES TO THE ACCOUNTS

30 April 2007

1 ACCOUNTING POLICIES

The principal accounting policies, which are adopted consistently in the preparation of the financial statements, are set out below

a) Accounting convention

The financial statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention

b) Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value

c) Group accounts

The company and its subsidiaries comprise a medium sized group. The company has taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts

2 INCOME FROM GROUP UNDERTAKING

	<u>30 4 2007</u>	<u>30 4 2006</u>
Management fee receivable	<u>£63,000</u>	<u>£76,000</u>

3 OPERATING PROFIT

This is stated after charging the following -

	<u>30 4 2007</u>	<u>30 4 2006</u>
Auditors' remuneration	<u>£2,115</u>	<u>£2,115</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>30 4 2007</u>	<u>30 4 2006</u>
Bank interest on loan due within five years	47,670	60,903
Other interest	9,383	9,103
	<u>£57,053</u>	<u>£70,006</u>

5 TAXATION

	<u>30 4 2007</u>	<u>30 4 2006</u>
Corporation tax at current rates	713	56
Underprovision in respect of previous years	1,213	83
	<u>£1,926</u>	<u>£139</u>
Profit on ordinary activities before tax	<u>£3,737</u>	<u>£3,616</u>
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK of 19.08% (2006 – 19%)	713	687
Effects of -		
Underprovision in respect to prior years	1,213	(548)
	<u>£1,926</u>	<u>£139</u>

CLEMENTINE ASSOCIATES LIMITED

NOTES TO THE ACCOUNTS

30 April 2007

(continued)

6 INVESTMENTS

	<u>30 4 2007</u>	<u>30 4 2006</u>
Investments in subsidiaries at cost		
At 1 May 2006	1,970,620	1,970,619
Addition	-	1
At 30 April 2007	<u>£1,970,620</u>	<u>£1,970,620</u>

The company's investments, at the balance sheet date, in the share capital of companies include the following

- (i) The company owns the entire share capital of A & S Shillam Limited, a company incorporated in England. A & S Shillam Limited operates retail pharmacies and a post office and its principal place of business is in the United Kingdom.
- (ii) The company owns the entire share capital of Ginova UK Limited, a company incorporated in England. Ginova UK Limited operates as the distributor of pharmaceutical products and its principal place of business is in the United Kingdom.
- (iii) The subsidiary company, A & S Shillam Limited, itself has three wholly-owned subsidiaries, G E Newman Limited, Stenlin Limited and Express Pharmacy Limited. All three companies are incorporated in England.

The entire share capital of Express Pharmacy Limited was purchased on 30 September 2006. On that date the trade, assets and liabilities were transferred to its immediate parent company, A & S Shillam Limited. Since that date Express Pharmacy Limited has been dormant.

- (iv) The former subsidiary, Daphvale Limited, was dissolved on 3 April 2007.

The results and capital and reserves of the subsidiary companies are summarised as follows -

	<u>30 4 2007</u>	<u>30 4 2006</u>
A & S Shillam Limited		
Profit after taxation for the year ended 30 April 2007	<u>£532,159</u>	<u>£386,995</u>
Capital and reserves	<u>£2,459,585</u>	<u>£1,927,426</u>
Ginova UK Limited		
(Loss) after taxation for the year ended 30 April 2007	<u>£(311,353)</u>	<u>£(197,632)</u>
Capital and reserves (deficit)	<u>£(508,984)</u>	<u>£(197,631)</u>
G E Newman Limited (dormant company)		
Profit after taxation	<u>£Nil</u>	<u>£Nil</u>
Capital and reserves	<u>£96,289</u>	<u>£96,289</u>
Stenlin Limited (dormant company)		
Profit after taxation	<u>£Nil</u>	<u>£Nil</u>
Capital and reserves	<u>£131,665</u>	<u>£131,665</u>

CLEMENTINE ASSOCIATES LIMITED

NOTES TO THE ACCOUNTS

30 April 2007

(continued)

7 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>30 4 2007</u>	<u>30 4 2006</u>
Bank loan	252,246	237,495
Other creditors	84,510	68,511
Corporation tax	1,982	56
Other taxation and social security	718	718
Accruals	3,788	1,670
	<u>£343,244</u>	<u>£308,450</u>

The bank loan is secured by a mortgage debenture and by an unlimited cross guarantee (see Note 14)

8 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>30 4 2007</u>	<u>30 4 2006</u>
Bank loan (see Note 7)	316,830	590,071
Amount due to subsidiary company (see Note 13)	810,000	561,000
Other creditors	386,400	222,400
Other loans	120,000	300,000
	<u>£1,633,230</u>	<u>£1,673,471</u>

The bank loan is due to be repaid by June 2009 Interest is charged at 2% above base rate

9 CALLED UP SHARE CAPITAL

	<u>30 4 2007</u>	<u>30 4 2006</u>
Authorised		
Ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>£1</u>	<u>£1</u>

10 PROFIT AND LOSS ACCOUNT

	<u>30 4 2007</u>	<u>30 4 2006</u>
As at 1 May 2006	17,697	14,220
Profit for the year	<u>1,811</u>	<u>3,477</u>
As at 30 April 2007	<u>£19,508</u>	<u>£17,697</u>

CLEMENTINE ASSOCIATES LIMITED

NOTES TO THE ACCOUNTS

30 April 2007

(continued)

11 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	<u>30 4 2007</u>	<u>30 4 2006</u>
Profit for the year	1,811	3,477
Shareholders' funds at 1 May 2006	17,698	14,221
Shareholders' funds at 30 April 2007	<u>£19,509</u>	<u>£17,698</u>

12 NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of operating profit to net cash flow operating activities

	<u>30 4 2007</u>	<u>30 4 2006</u>
Operating profit	60,609	73,502
Increase in creditors	18,117	600
Net cash inflow from operating activities	<u>£78,726</u>	<u>£74,102</u>

b) Analysis of changes in net debt

	<u>Brought forward</u>	<u>Cash flows</u>	<u>Earned forward</u>
Cash at bank	28,999	(3,636)	25,363
Debt due within one year	(237,495)	(14,751)	(252,246)
Debt due after one year	(1,673,471)	40,241	(1,633,230)
	<u>£(1,881,967)</u>	<u>£21,854</u>	<u>£(1,860,113)</u>

c) Reconciliation of net cash flow to movements in debt

	<u>30 4 2007</u>	<u>30 4 2006</u>
Net decrease in cash	(3,636)	(1,938)
Other changes in debt	25,490	6,153
Changes in net debt	21,854	4,215
Net debt as at 1 May 2006	(1,881,967)	(1,886,182)
Net debt as at 30 April 2007	<u>£(1,860,113)</u>	<u>£(1,881,967)</u>

13 RELATED PARTIES

The company was controlled throughout the year by the trustees of the Clementine Settlement, which is the sole shareholder of Clementine Associates Limited

At 30 April 2007 the company owed the subsidiary, A & S Shillam Limited, £810,000 (2006 - £561,000) (see Note 8)

During the year the company received management fees of £63,000 (2006 - £76,000) from A & S Shillam Limited

14 CONTINGENT LIABILITY

The company is party to an inter-company composite guarantee over all its assets, together with its subsidiary, in respect of bank loans and overdrafts of the group. At 30 April 2007 the amount of indebtedness of the group, subject to this guarantee, was £4,071,216 (2006 - £2,767,916)