

# 8 P.M. Chemist Limited

## FINANCIAL STATEMENTS

for the year ended

7 April 2002



# 8 P.M. Chemist Limited

## FINANCIAL STATEMENTS

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report to the shareholders	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8
The following pages do not form part of the financial statements	
Detailed profit and loss account	20
Notes to the detailed profit and loss account	21

8 P.M. Chemist Limited  
OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

V Aggarwal  
M Aggarwal

COMPANY SECRETARY

V Aggarwal

REGISTERED OFFICE

61 Wolverhampton Street  
Willenhall  
West Midlands  
WV13 2NF

AUDITORS

Baker Tilly  
Chartered Accountants  
& Registered Auditors  
33 Wine Street  
Bristol  
BS1 2BQ

BANKERS

National Westminster Bank Plc  
10 High Street  
Wednesfield  
Wolverhampton  
West Midlands  
WV11 1TA

# 8 P.M. Chemist Limited

## THE DIRECTORS' REPORT

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 7 April 2002.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was that of dispensing chemists.

The directors consider the company's affairs to be satisfactory.

### RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

### THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year were as follows:

V Aggarwal  
M Aggarwal

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the financial statements of the parent company.

### AUDITORS

A resolution to re-appoint Baker Tilly as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:  
61 Wolverhampton Street  
Willenhall  
West Midlands  
WV13 2NF

Signed by order of the directors



V Aggarwal  
Company Secretary

Approved by the directors on 29/11/02

## 8 P.M. Chemist 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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies, as described on pages 8 to 9, and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent; and
- c. 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. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF 8 P.M. CHEMIST LIMITED

Independent AUDITORS' report to the shareholders of 8 P.M. Chemist Limited

We have audited the financial statements on pages 5 to 18 of 8 P.M. Chemist Limited for the YEAR ended 7 April 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

## RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

## BASIS OF AUDIT OPINION

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

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

## OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 7 April 2002 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly  
Chartered Accountants  
& Registered Auditors

33 Wine Street  
Bristol  
BS1 2BQ

# 8 P.M. Chemist Limited

## PROFIT AND LOSS ACCOUNT

year ended 7 April 2002

	Notes	2002 £	As restated 2001 £
TURNOVER	2	4,953,410	5,008,244
Cost of sales		3,516,174	3,789,492
GROSS PROFIT		1,437,236	1,218,752
Administrative expenses		1,348,711	1,754,493
OPERATING PROFIT/(LOSS)	3	88,525	(535,741)
Profit on disposal of fixed assets	5	7,331	897,265
		95,856	361,524
Interest receivable	6	50,967	77,608
Interest payable and similar charges		(13,714)	(22,832)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		133,109	416,300
Tax on profit on ordinary activities	8	39,637	31,540
RETAINED PROFIT FOR THE FINANCIAL YEAR		93,472	384,760
Balance brought forward		730,173	345,413
Balance carried forward		823,645	730,173

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

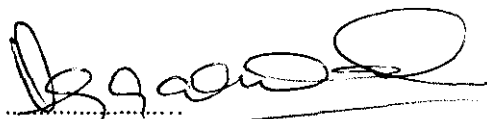
# 8 P.M. Chemist Limited

## BALANCE SHEET

7 April 2002

	Notes	£	2002 £	As restated 2001 £
<b>FIXED ASSETS</b>				
Intangible assets	9		208,209	534,499
Tangible assets	10		131,673	157,696
			<u>339,882</u>	<u>692,195</u>
<b>CURRENT ASSETS</b>				
Stocks	11	496,665		464,099
Debtors	12	517,760		531,729
Cash at bank	13	1,864,178		1,612,428
		<u>2,878,603</u>		<u>2,608,256</u>
CREDITORS: amounts falling due within one year	14	777,295		1,107,951
NET CURRENT ASSETS			<u>2,101,308</u>	<u>1,500,305</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,441,190</u>	<u>2,192,500</u>
CREDITORS: amounts falling due after more than one year	15		196,325	249,940
			<u>2,244,865</u>	<u>1,942,560</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>				
Deferred taxation	17		11,079	10,191
Other provisions	18		930,880	722,935
			<u>1,302,906</u>	<u>1,209,434</u>
<b>CAPITAL AND RESERVES</b>				
Called-up equity share capital	22		100	100
Share premium account			479,161	479,161
Profit and loss account			823,645	730,173
SHAREHOLDERS' FUNDS	23		<u>1,302,906</u>	<u>1,209,434</u>

These financial statements were approved by the directors on the 29/11/02 and are signed on their behalf by:

  
 .....  
 V Aggarwal



# 8 P.M. Chemist Limited

## CASH FLOW STATEMENT

year ended 7 April 2002

			2002	As restated 2001
	Notes	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	24		6,373	727,949
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	24		36,398	56,113
TAXATION	24		(30,473)	(29,791)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	24		(147,510)	(74,717)
ACQUISITIONS AND DISPOSALS				
Disposal of fixed assets		440,577		897,265
NET CASH INFLOW FROM ACQUISITIONS AND DISPOSALS			440,577	897,265
CASH INFLOW BEFORE FINANCING			305,365	1,576,819
FINANCING	24		(53,615)	(44,555)
INCREASE IN CASH	24		251,750	1,532,264

**8 P.M. Chemist Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
year ended 7 April 2002

**1. ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

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

**TURNOVER**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

**GOODWILL**

Goodwill, being the amount paid in connection with the acquisition of a business in 1997 and 1999, is being amortised evenly over its estimated useful life of twenty years.

**PRODUCT LICENCES**

Product licences are stated at cost less amortisation to date.

**AMORTISATION**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	- 20 years
Product Licences	- 20 years

**DEPRECIATION**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	- 2% straight line
Leasehold Property	- over period of lease
Plant & Machinery	- 15% straight line
Fixtures & Fittings	- 15% straight line
Motor Vehicles	- 15% straight line

**STOCKS**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**OPERATING LEASE AGREEMENTS**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**PENSION COSTS**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

# 8 P.M. Chemist Limited

## NOTES TO THE FINANCIAL STATEMENTS

year ended 7 April 2002

### 1. ACCOUNTING POLICIES *(continued)*

#### 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### CONSOLIDATION

The company has claimed exemption under s248 of the Companies Act 1985 from the preparation of group accounts on the grounds that the group is medium sized.

The accounts present information about the company as an individual undertaking and not about its group.

#### EMPLOYEE BENEFIT TRUST

Assets held in the Employee Benefit Trust are recognised as assets of the company until they vest unconditionally in identified beneficiaries.

### 2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2002	As restated 2001
	£	£
United Kingdom	4,953,410	5,008,244

### 3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting):

	2002	As restated 2001
	£	£
Directors' emoluments	—	—
Amortisation	28,366	28,886
Depreciation	38,693	33,115
(Profit)/loss on disposal of fixed assets	(482)	3,634
Auditors' remuneration		
- as auditors	3,500	3,500
Operating lease costs:		
Land and buildings	103,976	76,326
Employee Benefit Trust	207,945	530,756

# 8 P.M. Chemist Limited

## NOTES TO THE FINANCIAL STATEMENTS

year ended 7 April 2002

### 4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2002	As restated 2001
	No.	No.
Average monthly number employed including executive directors	53	71
Directors	2	2
	<u>55</u>	<u>73</u>

The aggregate payroll costs of the above were:

	2002	As restated 2001
	£	£
Wages and salaries	491,878	564,443
Social security costs	25,790	30,153
Other pension costs	2,400	2,400
	<u>520,068</u>	<u>596,996</u>

The directors of the company, Mr V Aggarwal and Mr M Aggarwal are both shareholders and directors in Regardcatch Limited the ultimate parent company. Aggregate emoluments totalling £38,000 were paid to them as directors by Regardcatch Limited in respect of their services provided to 8 P.M. Chemist Limited.

### 5. PROFIT ON DISPOSAL OF FIXED ASSETS

	2002	As restated 2001
	£	£
Disposal of fixed assets: P/L on disposal of fixed assets	<u>7,331</u>	<u>897,265</u>

### 6. INTEREST RECEIVABLE

	2002	As restated 2001
	£	£
Bank interest receivable	<u>50,967</u>	<u>77,608</u>

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2002	As restated 2001
	£	£
Interest payable on bank borrowing	13,714	22,725
Other similar charges payable	-	107
	<u>13,714</u>	<u>22,832</u>

**8 P.M. Chemist Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
year ended 7 April 2002

**8. TAX ON PROFIT ON ORDINARY ACTIVITIES**

Taxation

	2002 £	As restated 2001 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2001 - 20%)	38,749	30,473
Over/under provision in prior year	—	(4)
Total current tax	<u>38,749</u>	<u>30,469</u>
Deferred tax:		
Increase in deferred tax provision	888	1,071
Tax on profit on ordinary activities	<u>39,637</u>	<u>31,540</u>

**9. INTANGIBLE FIXED ASSETS**

	Goodwill £	Product licences £	Total £
Cost			
At 8 April 2001	577,239	69,134	646,373
Additions	—	66,728	66,728
Disposals	(436,316)	—	(436,316)
At 7 April 2002	<u>140,923</u>	<u>135,862</u>	<u>276,785</u>
Amortisation			
At 8 April 2001	111,148	726	111,874
Charge for the year	23,241	5,125	28,366
On disposals	(71,664)	—	(71,664)
At 7 April 2002	<u>62,725</u>	<u>5,851</u>	<u>68,576</u>
Net book value			
At 7 April 2002	<u>78,198</u>	<u>130,011</u>	<u>208,209</u>
At 7 April 2001	<u>466,091</u>	<u>68,408</u>	<u>534,499</u>

**8 P.M. Chemist Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
year ended 7 April 2002

**10. TANGIBLE FIXED ASSETS**

	Freehold Property £	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost						
At 8 Apr 2001	60,600	2	54,373	87,890	69,281	272,146
Additions	-	26,598	3,960	45,069	5,155	80,782
Disposals	(60,600)	-	-	(38,000)	(15,034)	(113,634)
At 7 Apr 2002	<u>-</u>	<u>26,600</u>	<u>58,333</u>	<u>94,959</u>	<u>59,402</u>	<u>239,294</u>
Depreciation						
At 8 Apr 2001	4,848	-	30,130	47,624	31,848	114,450
Charge for the year	877	923	5,981	20,165	10,747	38,693
On disposals	(5,725)	-	-	(28,513)	(11,284)	(45,522)
At 7 Apr 2002	<u>-</u>	<u>923</u>	<u>36,111</u>	<u>39,276</u>	<u>31,311</u>	<u>107,621</u>
Net book value						
At 7 Apr 2002	<u>-</u>	<u>25,677</u>	<u>22,222</u>	<u>55,683</u>	<u>28,091</u>	<u>131,673</u>
At 7 Apr 2001	<u>55,752</u>	<u>2</u>	<u>24,243</u>	<u>40,266</u>	<u>37,433</u>	<u>157,696</u>

**11. STOCKS**

	2002 £	As restated 2001 £
Stock for resale	<u>496,665</u>	<u>464,099</u>

**12. DEBTORS**

	2002 £	As restated 2001 £
Trade debtors	455,388	430,838
Other debtors	61,914	100,314
Prepayments and accrued income	458	577
	<u>517,760</u>	<u>531,729</u>

Included in other debtors is £458 (2001 - £306) held by the Employee Benefit Trust. These assets are for the benefit of qualifying employees only.

**13. CASH AT BANK**

	2002 £	As restated 2001 £
Employee Benefit Trust cash at bank	931,400	724,282
Company cash at bank	932,778	888,146
	<u>1,864,178</u>	<u>1,612,428</u>

Included in cash at bank is £931,400 (2001 - £724,282) held by the Employee Benefit Trust. These assets are for the benefit of qualifying employees only.

**8 P.M. Chemist Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
year ended 7 April 2002

14. CREDITORS: amounts falling due within one year

	2002	As restated 2001
	£	£
Bank loans and overdrafts	43,000	43,000
Trade creditors	441,814	719,719
Amounts owed to group undertakings	39,080	112,482
Other creditors including taxation and social security:		
Corporation tax	38,749	30,473
Other taxation and social security	8,696	10,203
	<u>571,339</u>	<u>915,877</u>
Accruals and deferred income	205,956	192,074
	<u>777,295</u>	<u>1,107,951</u>

Included in accruals and deferred income is £978 (2001 - £1653) in respect of the Employee Benefit Trust.

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2002	As restated 2001
	£	£
Bank loans and overdrafts	<u>43,000</u>	<u>43,000</u>

15. CREDITORS: amounts falling due after more than one year

	2002	As restated 2001
	£	£
Bank loans and overdrafts	<u>196,325</u>	<u>249,940</u>

The company's bank loans are repayable over 10 years with interest being charged at 0.75% above the National Westminster Bank Plc base rate.

**8 P.M. Chemist Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
year ended 7 April 2002

15. CREDITORS: amounts falling due after more than one year (*continued*)

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2002	As restated 2001
	£	£
Bank loans and overdrafts	<u>196,325</u>	<u>249,940</u>

Security given:

First Legal Mortgage over Leasehold Deeds of 61 Wolverhampton Street dated 08/04/1997.

First Legal Mortgage over Leasehold Deeds for 60 Wolverhampton Street dated 08/04/1997.

First Legal Mortgage over Leasehold Deeds to 2 Wolverhampton Street, Willenhall dated 08/04/1997.

First Legal Mortgage over 4 Wolverhampton Street, Willenhall, dated 08/04/1997.

Specific Equitable Charges over 1 & 2 Stafford Street, Willenhall, dated 08/04/1997.

Right of set-off incorporated in Legal Mortgage dated 08/04/1997 and 25/04/2000.

Cross Company Guarantee unlimited by Regardcatch Limited dated 08/04/1997.

Unsecured Mortgage Debenture unlimited by 8 P.M. Chemist Limited dated 08/04/1997.

Guarantee given by AAH Pharmaceutical Limited to £400,000 dated 17/11/1998.

16. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	2002	As restated 2001
	£	£
In one year or less, or on demand	43,000	43,000
Between one and two years	43,000	43,000
Between two and five years	129,000	129,000
In five years or more	24,325	77,940
	<u>239,325</u>	<u>292,940</u>
	2002	2001
	£	£
Less: included in creditors: amounts falling due within one year (note 14)	<u>43,000</u>	<u>43,000</u>

17. DEFERRED TAXATION

	2002	As restated 2001
	£	£
The movement in the deferred taxation provision during the year was:		
Provision brought forward	10,191	9,120
Profit and Loss Account movement arising during the year	888	1,071
Provision carried forward	<u>11,079</u>	<u>10,191</u>



# 8 P.M. Chemist Limited

## NOTES TO THE FINANCIAL STATEMENTS

year ended 7 April 2002

### 17. DEFERRED TAXATION *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2002	As restated 2001
	£	£
Excess of taxation allowances over depreciation on fixed assets	11,079	10,191
	<u>11,079</u>	<u>10,191</u>

### 18. OTHER PROVISIONS

	2002
	£
Employee Benefit Trust constructive liability:	
Balance brought forward	722,935
Movement for year	207,945
	<u>930,880</u>

The provision represents the constructive liability for future payments out of the Employee Benefit Trust to qualifying employees of the company. Further details about the Employee Benefit Trust are shown in note 26 to these accounts.

### 19. COMMITMENTS UNDER OPERATING LEASES

At 7 April 2002 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2002	2001
	£	£
Operating leases which expire:		
After more than 5 years	88,800	73,800
	<u>88,800</u>	<u>73,800</u>

### 20. CONTINGENCIES

The company has entered into a number of agreements with a third party whereby they will provide dossiers for pharmaceutical products and make marketing authorisation applications on behalf of the company to the regulatory authorities in the UK. An up-front fee representing 50% of the total amount is payable to the third party upon signing of the agreement and the remainder is payable upon obtaining the licence from the regulatory authority.

### 21. RELATED PARTY TRANSACTIONS

For the whole period the company was under the control of its parent company, Regardcatch Limited.

During the period the company paid management charges of £300,000 (2001 - £290,000) and rent for property of £33,750 (2001 - £30,000), to Regardcatch Limited.

At the balance sheet date the company owed Regardcatch Limited £39,080 (2001 - £112,482).

**8 P.M. Chemist Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
year ended 7 April 2002

**22. SHARE CAPITAL**

Authorised share capital:

	2002	2001
	£	£
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid:		
	2002	2001
	£	£
Ordinary share capital	<u>100</u>	<u>100</u>

**23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2002	2001
	£	£
Profit for the financial year	93,472	384,760
Opening shareholders' equity funds	<u>1,209,434</u>	<u>824,674</u>
Closing shareholders' equity funds	<u>1,302,906</u>	<u>1,209,434</u>

**24. NOTES TO THE STATEMENT OF CASH FLOWS**

**RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2002	As restated 2001
	£	£
Operating profit/(loss)	88,525	(535,741)
Interest payable	28	10
Amortisation	28,366	28,886
Depreciation	38,693	33,115
(Profit)/loss on disposal of fixed assets	(482)	3,634
(Increase)/decrease in stocks	(32,566)	202,953
Decrease in debtors	14,121	130,946
(Decrease)/increase in creditors	(338,257)	141,211
Increase in provisions	207,945	722,935
Net cash inflow from operating activities	<u>6,373</u>	<u>727,949</u>

**RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	2002	2001
	£	£
Interest received	50,815	77,302
Interest paid	<u>(14,417)</u>	<u>(21,189)</u>
Net cash inflow from returns on investments and servicing of finance	<u>36,398</u>	<u>56,113</u>

**TAXATION**

	2002	2001
	£	£
TAXATION	<u>(30,473)</u>	<u>(29,791)</u>

**8 P.M. Chemist Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
year ended 7 April 2002

24. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

CAPITAL EXPENDITURE

	2002	As restated 2001
	£	£
Payments to acquire intangible fixed assets	(66,728)	(69,134)
Payments to acquire tangible fixed assets	(80,782)	(5,583)
Net cash inflow/(outflow) from capital expenditure	<u>(147,510)</u>	<u>(74,717)</u>

FINANCING

	2002	2001
	£	£
Repayment of bank loans	(53,615)	(44,555)
Net cash outflow from financing	<u>(53,615)</u>	<u>(44,555)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	£	2002 £	£	2001 £
Increase in cash in the period	251,750		1,532,264	
Net cash outflow from bank loans	<u>53,615</u>		<u>44,555</u>	
		305,365		1,576,819
Change in net funds		305,365		1,576,819
Net funds at 8 April 2001		<u>1,319,488</u>		<u>(257,331)</u>
Net funds at 7 April 2002		<u>1,624,853</u>		<u>1,319,488</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 8 Apr 2001 £	Cash flows £	At 7 Apr 2002 £
Net cash:			
Cash in hand and at bank	<u>1,612,428</u>	<u>251,750</u>	<u>1,864,178</u>
Debt:			
Debt due within 1 year	(43,000)	—	(43,000)
Debt due after 1 year	(249,940)	53,615	(196,325)
Net funds	<u>1,319,488</u>	<u>305,365</u>	<u>1,624,853</u>

25. ULTIMATE PARENT COMPANY

8 P.M. Chemist Limited is a wholly owned subsidiary of Regardcatch Limited. Regardcatch Limited provides management services and leasehold accommodation to 8 P.M. Chemist Limited.

The transactions between the two companies are disclosed within the notes to the accounts under related parties.

# 8 P.M. Chemist Limited

## NOTES TO THE FINANCIAL STATEMENTS

year ended 7 April 2002

### 26. PRIOR YEAR ADJUSTMENT

UITF 32 "Employee Benefit Trusts and other Intermediate Payment Arrangements" was issued by the Urgent Issues Task Force of the Accounting Standards Board on 13 December 2001. In order to comply with the requirements of UITF 32, it has been necessary to change the company's accounting policy in respect of the Employee Benefit Trust so that the net assets of the Employee Benefit Trust are recognised in the company's statutory financial statements. Accordingly, the net assets of the Employee Benefit Trust are included within the company's balance sheet and its income and expenditure is incorporated in the company's Profit and Loss account.

As a consequence of this change in the company's accounting policy in respect of the Employee Benefit Trust, the company's comparative figures for the year ended 7 April 2001 have been re-stated as follows:

	Profit before tax for the year ended 7 April 2001 £	Net assets at 7 April 2001 £
As previously reported	416,300	1,209,434
Employee Benefit Trust cash at bank	-	724,282
Employee Benefit Trust debtors and prepayments	-	306
Employee Benefit Trust creditors and accruals	-	(1,653)
Employee Benefit Trust provision	-	(722,935)
As restated	<u>416,300</u>	<u>1,209,434</u>