

HADRIAN LIMITED

Accounts for the year ended: 31 March 1996

Directors: D M Leak
Mrs E A Leak

Secretary: Mrs E A Leak

Company Registration No: 01547607

Registered Office: Derwent House
Prudhoe Station Industrial
Estate
Prudhoe
Northumberland
NE42 6NP

Bankers: Lloyds Bank Plc
15 West Street 8
Gateshead
Tyne and Wear

Registered Auditors: Allen Sykes
Chartered Accountants
1 Cockton Hill Road
Bishop Auckland
Co Durham
DL14 6EN



HADRIAN LIMITED
DIRECTORS REPORT AND ACCOUNTS

The Directors have pleasure in presenting their Annual Report and Audited Accounts of the company for the year ended 31 March 1996.

Directors Responsibilities

Company law requires the directors to prepare accounts that give a true and fair view of the state of affairs of the company and of the profit and loss for its financial year. In doing so the directors are required to:-

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

Review of the Business

The company's principal activity during the year was as retail chemists.

Both the level of business and the year end financial position were satisfactory and the directors are confident that the present level of activity can be sustained.

Results and Dividends

The profit for the year after taxation was £90665.

Interim dividends of 60 pence per share (1995 £1.40 per share) was paid on 10 April 1995, £1 per share (1995 45 pence per share) was paid on 31 October 1995 and 80 pence per share (1995 £1 per share) was paid on 29 March 1996.

The directors propose to pay a final dividend of £5 per share (1995 £NIL per share).

HADRIAN LIMITED
DIRECTORS REPORT AND ACCOUNTS

Directors and Shareholdings

The Directors and their beneficial interests in the shares of the company were as follows:

	<u>Class of Share</u>	<u>Number of Shares</u>	
		<u>1996</u>	<u>1995</u>
D M Leak	£1 Ordinary	5096	5096
Mrs E A Leak	£1 Ordinary	4900	4900

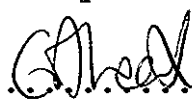
Mr D M Leak retires by rotation and being eligible offers himself for re-election.

Auditors

The Auditors Messrs Allen Sykes have expressed their willingness to continue in office and a resolution concerning their re-appointment will be submitted to the Annual General Meeting in accordance with the Companies Act 1985.

By Order of the Board

MRS E A LEAK
Secretary

Date 

Derwent House
Prudhoe Station Industrial Estate
Prudhoe
Northumberland
NE42 6NP

AUDITORS' REPORT TO THE MEMBERS OF
HADRIAN LIMITED

We have audited the accounts on pages 5 to 16.

Respective Responsibilities of Directors and Auditors

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

Basis of Opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


ALLEN SYKES

Chartered Accountants and Registered Auditors
1 Cockton Hill Road
Bishop Auckland
Co Durham

Date 25/9/96

REPORT OF THE AUDITOR'S TO THE DIRECTORS OF
HADRIAN LIMITED
AS REQUIRED BY SECTION 248 COMPANIES ACT 1985

The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemptions given by Section 248 of the Companies Act 1985.

In our opinion the group qualifies as a medium sized group under Section 249 of the Companies Act 1985 and as such the parent company is exempt from the requirements to prepare consolidated financial statements.


ALLEN SYKES
Chartered Accountants and Registered Auditors
1 Cockton Hill Road
Bishop Auckland
Co Durham

Date 25/9/96

HADRIAN LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1996

		<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
<u>Turnover</u>	<u>Note</u> 2	937447	687928
<u>Cost of Sales/Services provided</u>		(758562)	(538119)
<u>Gross Profit</u>		178885	149809
<u>Distribution Costs</u>		(125269)	(117523)
<u>Administrative Expenses</u>		(72722)	(36882)
<u>Other Operating Income</u>		<u>43753</u>	<u>43344</u>
<u>Operating Profit from Continuing Operations</u>		24647	38748
<u>Interest Receivable</u>		596	27
<u>Income from Shares in Group Companies</u>		75000	-
<u>Interest Payable and Similar Charges</u>	4	(9578)	(13164)
<u>Profit on Ordinary Activities before Taxation</u>	5	90665	25611
<u>Tax on Profit on Ordinary Activities</u>	6	(6990)	(6970)
<u>Profit for the Financial Year</u>		83675	18641
<u>Dividends</u>	7	(74000)	(29000)
<u>Retained Profit transferred to reserves</u>	19	<u>9675</u>	(10359)

The company made no recognised gains and losses in the year apart from the profit for the period as stated above.

The notes on the pages 9 to 16 form an integral part of these accounts.

HADRIAN LIMITED
NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 1996

	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
Reported profit on ordinary activities before taxation	90665	25611
Difference between a historical cost depreciation charge and the actual depreciation charge in the year calculated on the revalued amount	<u>354</u>	<u>354</u>
Historical cost profit on ordinary activities before taxation	<u>91019</u>	<u>25965</u>
Historical cost profit for the year retained after taxation and dividends	<u>10029</u>	<u>(10005)</u>

The notes on pages 9 to 16 form an integral part of these accounts

HADRIAN LIMITED
BALANCE SHEET AS AT 31 MARCH 1996

		<u>£</u>	<u>1996</u> <u>£</u>	<u>£</u>	<u>1995</u> <u>£</u>
	<u>Note</u>				
<u>Fixed Assets</u>					
Intangible Assets	8	31736		42314	
Tangible Assets	9	99671		111583	
Investments	10	<u>20000</u>	151407	<u>20000</u>	173897
<u>Current Assets</u>					
Stocks	11	200388		90398	
Debtors	12	303263		257712	
Cash at Bank and in Hand		<u>33177</u>		<u>2865</u>	
		536828		350975	
<u>Creditors: Amounts Falling Due Within One Year</u>	14	<u>(407893)</u>		<u>(201761)</u>	
<u>Net Current Assets</u>			128935		149214
<u>Total Assets less Current Liabilities</u>			280342		323111
<u>Creditors: Amounts Falling Due After More Than One Year</u>	15	(25982)		(77406)	
<u>Provision for Liabilities and Charges</u>	16	<u>(4597)</u>		<u>(5617)</u>	
			<u>249763</u>		<u>240088</u>
<u>Capital and Reserves</u>					
Called up Share Capital	17	9996		9996	
Capital Redemption Reserve	19	49		49	
Revaluation Reserve	19	17584		17584	
Profit and Loss Account	19	<u>222134</u>		<u>212459</u>	
			<u>249763</u>		<u>240088</u>

Approved by the Board of Directors on 24/9/96

X Director
D M LEAK

X Director
E A LEAK

The notes on the pages 9 to 16 form an integral part of these accounts

HADRIAN LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1996

		<u>1996</u>	<u>1995</u>
		<u>£</u>	<u>£</u>
	<u>Note</u>		
<u>Net Cash Inflow from Operating Activities</u>	20	81071	109218
<u>Returns on Investments and Servicing of Finance</u>			
Interest Received		596	27
Interest Paid		(8641)	(11894)
Dividends Paid		(24000)	(29000)
HP and Finance Lease Interest Paid		(937)	(1270)
<u>Net Cash Outflow from Returns on Investments and Servicing of Finance</u>		(32982)	(42137)
<u>Taxation</u>			
Corporation Tax paid		(2408)	(2763)
Advance Corporation Tax Paid		(4000)	(4750)
		(6408)	(7513)
<u>Investing Activities</u>			
Purchase of Tangible Fixed Assets		(141)	(25930)
Proceeds from Sale of Tangible Fixed Assets		—	16571
<u>Net Cash Outflow from Investing Activities</u>		(141)	(9359)
<u>Net Cash Inflow before Financing</u>		41540	50209
<u>Financing</u>	23		
New Loan Capital		—	36910
Repayment of Amount Borrowed		(56926)	(79982)
<u>Net Cash Outflow from Financing</u>		(56926)	(43072)
<u>Decrease in Cash and Cash Equivalents</u>	21	(15386)	7137

The notes on the pages 9 to 16 form part of these accounts.

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1996

1. Statement of Accounting Policiesa) Accounting Convention

The accounts are prepared under the Historical cost convention modified by the revaluation of certain freehold property.

b) Consolidated Financial Statements

The company has relied on the exemptions given by Section 248 of the Companies Act 1985 and has not prepared consolidated financial statements. Consequently these financial statements present information about the company as an individual undertaking and not about its group.

c) Depreciation

Depreciation is provided on all tangible and intangible assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value of each asset over its expected useful life as follows:

Tangible

Freehold Buildings	:	2% straight line
Motor Vehicles	:	25% reducing balance
Fixtures, Fittings and Equipment	:	15% reducing balance

Intangible

Goodwill	:	Written off over 10 years
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Purchased goodwill is amortised on a systematic basis over its useful economic life as shown above. This amortisation has been charged in arriving at loss shown on ordinary activities.

d) Leasing and Hire Purchase Commitments

Assets acquired under finance leases and hire purchase contracts are capitalised as fixed assets and are depreciated over their expected useful lives at the rates specified above. The capital element of the future obligation to the lessor is included in creditors and the interest element is charged to the profit and loss account over the period of the lease.

Annual payments under all other lease arrangement, known as operating leases, are charged to the profit and loss account as they arise.

e) Stocks and Work in Progress

Stocks are valued at the lower of cost and net realisable value.

f) Deferred Taxation

Provisions are made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liabilities will crystallise. The provisions are calculated at the rate at which it is estimated that tax will be payable.

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1996

1. Statement of Accounting Policies continuedg) Pensions

The company has a defined contribution pension scheme which requires contributions to be made to a separately administered fund. Contributions to these funds are charged to the profit and loss account on the basis of payments made into the scheme.

2. Turnover

Turnover represents the invoiced amount of goods sold/services provided stated net of VAT.

The turnover and pre tax profit are attributable to the principal activities.

An analysis of turnover and pre tax profit by activity is given below:

	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
<u>Dispensing Chemists</u>		
Turnover	933093	674704
Profit	89839	23720
 <u>Clothes Shop</u>		
Turnover	4354	3541
Profit	826	535

All turnover related to markets in the United Kingdom.

<u>3. Staff Costs</u>	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
These were as follows:		
Wages and Salaries	79315	74643
Social Security Costs	5471	6502
Other Pension Costs	<u>2837</u>	<u>2837</u>
	<u>87623</u>	<u>83932</u>

The average weekly number of employees including directors during the year was 10 made up as follows:

	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
Management	2	2
Selling and Distribution	<u>8</u>	<u>7</u>
	<u>10</u>	<u>9</u>

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1996

<u>4. Interest Payable and Similar Charges</u>	<u>1996</u>		<u>1995</u>
	<u>£</u>		<u>£</u>
Bank Loans and Overdrafts and Other Loans wholly repayable within five years of Balance Sheet date	8260		12100
Other Loans	<u>1318</u>		<u>1064</u>
	<u>9578</u>		<u>13164</u>
 <u>5. Profit on Ordinary Activities before Taxation</u>	 <u>1996</u>		 <u>1995</u>
	<u>£</u>		<u>£</u>
This is stated after charging the following:			
Directors Emoluments			
Salaries as Executives	40800	36000	
Pension Contributions	2837	2837	
Other Emoluments	<u>1154</u>	<u>624</u>	39461
Auditors Remuneration (including expenses)			
Audit Services	1500		1500
Non audit Services	3000		2750
Hire Purchase Charges	937		1270
Depreciation of Tangible Fixed Assets	12053		12105
Amortisation of Intangible Fixed Assets	<u>10578</u>		<u>10578</u>
 <u>6. Tax on Profit on Ordinary Activities</u>	 <u>1996</u>		 <u>1995</u>
	<u>£</u>		<u>£</u>
Based on the profit for the year:			
Corporation Tax @ 25% (1995 25%)	8008		7156
Deferred Taxation	<u>(1020)</u>		<u>(191)</u>
	6988		6965
Adjustments to previous year	<u>2</u>		<u>5</u>
	<u>6990</u>		<u>6970</u>
 <u>7. Dividends</u>	 <u>1996</u>		 <u>1995</u>
	<u>£</u>		<u>£</u>
Ordinary - Interim Paid	24000		29000
- Final Proposed	<u>50000</u>		<u>-</u>
	<u>74000</u>		<u>29000</u>

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1996

<u>8. Intangible Assets</u>	<u>Goodwill</u>	<u>Total</u>
<u>Cost</u>		<u>£</u>
As at 31.3.95 and 31.3.96	<u>108566</u>	<u>108566</u>

<u>Depreciation</u>		
As at 31.3.95	66252	66252
Charged in year	<u>10578</u>	<u>10578</u>
As at 31.3.96	<u>76830</u>	<u>76830</u>

<u>Net Book Value</u>		
As at 31.3.96	<u>31736</u>	<u>31736</u>
As at 31.3.95	<u>52892</u>	<u>52892</u>

<u>9. Tangible Assets</u>	<u>Freehold Land and Buildings</u>	<u>Fixtures Fitts. & Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
<u>Cost/or Valuation</u>				<u>£</u>
As at 31.3.95	65173	87769	21780	174722
Additions	-	141	-	141
Disposals	-	(6025)	-	(6025)
As at 31.3.96	<u>65173</u>	<u>81885</u>	<u>21780</u>	<u>168838</u>

<u>Depreciation</u>				
As at 31.3.95	9402	51014	2723	63139
Charged in Year	1302	5987	4764	12053
Disposals	-	(6025)	-	(6025)
As at 31.3.96	<u>10704</u>	<u>50976</u>	<u>7487</u>	<u>69167</u>

<u>Net Book Value</u>				
As at 31.3.96	<u>54469</u>	<u>30909</u>	<u>14293</u>	<u>99671</u>
As at 31.3.95	<u>55771</u>	<u>36755</u>	<u>19057</u>	<u>111583</u>

Freehold Land and Buildings were valued at 31 March 1987 on an open market basis at the amounts shown above by J M Wright Associates.

Other tangible fixed assets are included at cost.

The amount of freehold land and buildings (included above at a valuation) determined according to the Historical Cost Accounting Rules is as follows:

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Cost	22484	22484
Depreciation	<u>6750</u>	<u>6300</u>
Net Book Value	<u>15734</u>	<u>16184</u>

The net book value of tangible fixed assets includes an amount of £14293 (1995 £19057) in respect of assets held under hire purchase contracts. The related depreciation charge for the year was £4764 (1995 £2723).

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1996

<u>10. Investments</u>	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
	20000	20000
<u>Trading Group Companies</u>		
Testerworld Limited		
% of Nominal Capital Held	100	100
% of Issued Capital Held	100	100
Ordinary Shares of £1 each cost	20000	20000
<u>11. Stocks</u>	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Goods for Resale	200388	90938
<u>12. Debtors</u>	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Trade Debtors	122106	103384
Amounts owed by Group Undertakings	100668	142985
Directors Loan Account	4645	11093
Dividends Receivable	75000	-
Prepayments and Accrued Income	250	250
Corporation Tax	594	-
	<u>303263</u>	<u>257712</u>

All due within one year

13. Directors Loans

Included in debtors is a loan made to Mr and Mrs D M Leak directors of the company. The loan is interest free and repayable on demand.

Amount of Loan at 31 March 1996	£ 4645
Amount of Loan at 1 April 1995	£11093

Maximum of amount of loan during year £11093

14. Creditors: Amounts Falling Due
Within One Year

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Bank Loans	18550	24052
Bank Overdrafts	99349	53651
Trade Creditors	172250	61061
Amounts owed to Group Undertakings	47567	41668
Obligations under HP Contracts	3750	3750
Corporation Tax	4602	2406
Other Taxes and Social Security Costs	4757	9241
Proposed Dividend	50000	
Accruals and Deferred Income	7068	5932
	<u>407893</u>	<u>201761</u>

Notes

a) Bank borrowings are secured by a fixed and floating charge over the assets of the company.

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1996

15. Creditors: Amounts Falling Due After
More Than One Year

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Bank Loans	20045	67718
Obligations under HP Contracts	5937	9688
	<u>25982</u>	<u>77406</u>

Notes

a) Included in the above are obligations under H P Contracts which are repayable as follows:

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Amounts repayable:		
Between two and five years	5937	9688

16. Provision for Liabilities and Charges
Deferred Taxation

Deferred taxation comprises:

	<u>1996</u>	<u>1995</u>
	<u>Full Potential Amount</u>	<u>Full Potential Amount</u>
	<u>£</u>	<u>£</u>
Capital Allowances in advance of Depreciation	4597	5617

Rolled over Capital Gains with a potential liability of £17115 have not been provided as there is no present intention by the directors to dispose of the assets to which this relates.

17. Share Capital

	<u>Authorised</u>	<u>Allotted, Issued and Fully Paid</u>
	<u>1996</u>	<u>1995</u>
	<u>20000</u>	<u>9996</u>
Ordinary Shares of £1 each	20000	9996

18. Reconciliation of Movements
in Shareholders' Funds

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Profit for the financial year	83675	18641
Dividends	(74000)	(29000)
Net addition to shareholders funds	9675	(10359)
Opening shareholders' funds	240088	250447
Closing shareholders' funds	<u>249763</u>	<u>240088</u>

19. Reserves

	<u>Capital Redemption Reserve</u>	<u>Revaluation Reserve</u>	<u>Profit and Loss Account</u>
	<u>£</u>	<u>£</u>	<u>£</u>
As at 31.3.95	49	17584	212459
Retained profit for the year	-	-	9675
As at 31.3.96	<u>49</u>	<u>17584</u>	<u>222134</u>

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1996

20. Reconciliation of Operating Profit to Net Cash Inflow from Operating in Activities

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Operating Profit	24647	38748
Depreciation Charges	22631	22683
Movement in Stocks	(109990)	(8564)
Movement in Debtors	30043	79261
Movement in Creditors	<u>113740</u>	<u>(22910)</u>
<u>Net Cash Inflow from Operating Activities</u>	<u>81071</u>	<u>109218</u>

21. Analysis of Changes in Cash and Cash Equivalents during the year

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Balance at 31.3.95	(50786)	(57923)
Net Cash Outflow	<u>(15386)</u>	<u>7137</u>
Balance at 31.3.96	<u>(66172)</u>	<u>(50786)</u>

22. Analysis of the Balance of Cash and Cash Equivalents as shown in the Balance Sheet

	<u>1996</u>	<u>1995</u>	<u>Change in Year</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Cash at Bank and in Hand	33177	2865	30312
Bank Overdrafts	<u>(99349)</u>	<u>(53651)</u>	<u>(45698)</u>
	<u>(66172)</u>	<u>(50786)</u>	<u>(15386)</u>

23. Analysis of Changes in financing during the year

	<u>Share Capital</u>	<u>Loans and Finance Lease Obligations</u>
	<u>£</u>	<u>£</u>
Balance at 31.3.95	9996	105208
Cash Outflow from financing	<u>-</u>	<u>(56926)</u>
Balance at 31.3.96	<u>9996</u>	<u>48282</u>

24. Commitments

The directors have authorised future capital expenditure for the company as follows:

Contracted	£NIL	(1995 £NIL)
Not Contracted	£NIL	(1995 £NIL)

25. Contingent Liabilities

These were as follows:

An unlimited guarantee to Lloyds Bank plc to cover the bank borrowings of Testerworld Limited.

HADRIAN LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 199626. Subsidiaries

The company has one subsidiary Testerworld Limited which is wholly owned and operates principally in the United Kingdom and has share capital consisting solely of Ordinary Shares. The aggregate of capital and reserves amounted to £377347 and the company made a profit for the year after taxation of £43835.