

HADRIAN LIMITED

Accounts for the year ended:	31 March 1997
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 present their Annual Report and Audited Accounts for the year ended 31 March 1997.

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 or 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 keeping proper accounting records, 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. During this period the company disposed of one of its retail chemist outlets.

Results and Dividends

The profit for the year after taxation was £33698.

An interim dividend of £2.50 per share (1996 £2.40 per share) was paid on 2 November 1996 and £1.00 per share on 27 March 1997.

The directors propose to pay a final dividend of £1 per share (1996 £5 per share).

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>1997</u>	<u>1996</u>
D M Leak	£1 Ordinary	5096	5096
Mrs E A Leak	£1 Ordinary	4900	4900

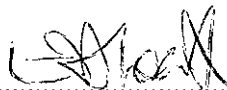
Mrs E A Leak retires by rotation and being eligible, offers herself for re-election.

HADRIAN LIMITED
DIRECTORS REPORT AND ACCOUNTS

Auditors

A resolution for the reappointment of Allen Sykes as auditors will be proposed at the Annual General Meeting.

By Order of the Board



.....
MRS E A LEAK
SECRETARY

Date 27th August 1997

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 18.

Respective Responsibilities of Directors and Auditors

As described in the directors 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.

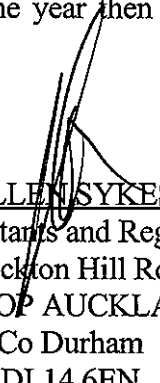
Basis of Opinion

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 1997 and of its profit 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
DL14 6EN

Date 1/9/97

REPORT OF THE AUDITORS' 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
DL14 6EN

Date 1/9/97

HADRIAN LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1997

	<u>Note</u>	<u>1997</u> £	<u>1996</u> £
<u>Turnover</u>	2	1017467	937447
<u>Cost of Sales</u>		(827339)	(758562)
<u>Gross Profit</u>		190128	178885
<u>Distribution Costs</u>		(144473)	(125269)
<u>Administrative Expenses</u>		(60029)	(72722)
<u>Other Operating Income</u>		<u>68733</u>	<u>43753</u>
<u>Operating Profit from Continuing Operations</u>		54359	24647
<u>Interest Receivable</u>		235	596
<u>Income from Shares in Group Companies</u>		-	75000
<u>Interest Payable and Similar Charges</u>	4	(7574)	(9578)
<u>Profit on Ordinary Activities before Taxation</u>	5	47020	90665
<u>Tax on Profit on Ordinary Activities</u>	6	(13322)	(6990)
<u>Profit for the Financial Year</u>		33698	83675
<u>Dividends</u>	7	(45000)	(74000)
<u>Retained Loss transferred to reserves</u>	19	(11302)	<u>9675</u>

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

The notes on pages 9 to 18 form part of these accounts.

HADRIAN LIMITED
NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 1997

	<u>1997</u> £	<u>1996</u> £
Reported profit on ordinary activities before taxation	47020	90665
Difference between a historical cost depreciation charge and the actual depreciation charge in year calculated on the revalued amount	<u>354</u>	<u>354</u>
Historical cost profit on ordinary activities before taxation	<u>47374</u>	<u>91019</u>
Historical cost loss for the year retained after taxation and dividends	<u>(10948)</u>	<u>10029</u>

The notes on pages 9 to 18 form part of these accounts.

HADRIAN LIMITED
BALANCE SHEET AS AT 31 MARCH 1997

			<u>1997</u>		<u>1996</u>
		£	£	£	£
	<u>Note</u>				
<u>Fixed Assets</u>					
Intangible Assets	8	21158		31736	
Tangible Assets	9	87502		99671	
Investments	10	<u>20000</u>	128660	<u>20000</u>	151407
<u>Current Assets</u>					
Stocks	11	102074		200388	
Debtors	12	276334		303263	
Cash at Bank and in Hand		<u>11785</u>		<u>33177</u>	
		390193		536828	
<u>Creditors: Amounts Falling Due Within One Year</u>	14	<u>(262598)</u>		<u>(407893)</u>	
<u>Net Current Assets</u>			<u>127595</u>		<u>128935</u>
<u>Total Assets less Current Liabilities</u>			256255		280342
<u>Creditors: Amounts Falling Due After More Than One Year</u>	15		(13062)		(25982)
<u>Provision for Liabilities and Charges</u>	16		(<u>4732</u>)		(<u>4597</u>)
			<u>238461</u>		<u>249763</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>210832</u>		<u>222134</u>
<u>Shareholders' Funds</u>					
Equity	18		<u>238461</u>		<u>249763</u>

Approved by the Board of Directors on 27th August 1997

..... Director Director
D M LEAK E A LEAK

The notes on pages 9 to 18 form part of these accounts.

HADRIAN LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1997

		<u>1997</u>		<u>1996</u>
		£	£	£
	<u>Note</u>			
<u>Net Cash Inflow from Operating Activities</u>	20	104443		81071
<u>Returns on Investments and Servicing of Finance</u>				
Interest Received	235		596	
Interest Paid	(6637)		(8641)	
Dividends Paid	(85000)		(24000)	
HP and Finance Lease Interest Paid	(937)		(937)	
<u>Net Cash Outflow from Returns on Investments and Servicing of Finance</u>		(92339)		(32982)
<u>Taxation</u>				
Corporation Tax Paid	(4148)		(2408)	
Advance Corporation Tax Paid	—	(4148)	(4000)	(6408)
<u>Investing Activities</u>				
Proceeds from Sale of Intangible Fixed Assets	2484		-	
Purchase of Tangible Fixed Assets	(6543)		(141)	
Proceeds from Sale of Tangible Fixed Assets	15000		—	
<u>Net Cash Inflow from Investing Activities</u>		10941		(141)
<u>Net Cash Inflow before Financing</u>		18897		41540
<u>Financing</u>	23			
Repayment of Amount Borrowed	(30220)		(56926)	
<u>Net Cash Outflow from Financing</u>		(30220)		(56926)
<u>Decrease in Cash and Cash Equivalents</u>	21	(11323)		(15386)

The notes on pages 9 to 18 form part of these accounts.

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1997

1 Statement of Accounting Policies

a) Accounting Convention

The accounts are prepared under the historical cost convention modified by the revaluation of certain freehold property, and in accordance with applicable accounting standards.

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 profit 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 arrangements, 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.

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1997

1 Statement of Accounting Policies continued

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.

g) 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>1997</u> £	<u>1996</u> £
<u>Dispensing Chemists</u>		
Turnover	1016515	933093
Profit	53235	89839
<u>Clothes Shop</u>		
Turnover	952	4354
Loss	(6215)	826

All turnover related to markets in the United Kingdom.

3 Staff Costs

These were as follows:

	<u>1997</u> £	<u>1996</u> £
Wages and Salaries	83948	79315
Social Security Costs	6709	5471
Other Pension Costs	<u>2837</u>	<u>2837</u>
	<u>93494</u>	<u>87623</u>

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1997

1 Statement of Accounting Policies continued

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	<u>93494</u>	<u>87623</u>

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1997

3 Staff Costs continued

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

	<u>1997</u>	<u>1996</u>
Management	2	2
Selling and Distribution	<u>8</u>	<u>8</u>
	<u>10</u>	<u>10</u>

4 Interest Payable and Similar Charges

	<u>1997</u>	<u>1996</u>
	£	£
On Bank Loans, Overdrafts and Other Loans wholly repayable within five years of Balance Sheet date	6520	8260
Other Loans	<u>1054</u>	<u>1318</u>
	<u>7574</u>	<u>9578</u>

5 Profit on Ordinary Activities

<u>before Taxation</u>	<u>1997</u>	<u>1996</u>
	£	£

This is stated after charging the following:

Directors Emoluments

Salaries as Executives	55200	40800
Pension Contributions	2837	2837
Other Emoluments	<u>1206</u>	<u>1154</u>
	59243	44791

Auditors Remuneration (including
expenses)

Audit	1500	1500
Other	3500	3000

Hire Purchase and Finance Lease
Charges

937	937
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Depreciation of Tangible Fixed Assets	3711	12053
Amortisation of Intangible Fixed Assets	<u>8094</u>	<u>10578</u>

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1997

6	<u>Tax on Profit on Ordinary Activities</u>	<u>1997</u> £	<u>1996</u> £
	Based on the profit for the year		
	Corporation Tax @ 24% (1996 - 25%)	13046	8008
	Deferred Taxation	<u>135</u>	<u>(1020)</u>
		13181	6988
	Adjustments to previous year	<u>141</u>	<u>2</u>
		<u>13322</u>	<u>6990</u>
7	<u>Dividends</u>	<u>1997</u> £	<u>1996</u> £
	Ordinary - Interim Paid	35000	24000
	- Final Proposed	<u>10000</u>	<u>50000</u>
		<u>45000</u>	<u>74000</u>
8	<u>Intangible Assets</u>	<u>Goodwill</u>	<u>Total</u>
	<u>Cost</u>		£
	As at 31 March 1996	108566	108566
	Disposals	<u>(2784)</u>	<u>(2784)</u>
	As at 31 March 1997	<u>105782</u>	<u>105782</u>
	<u>Depreciation</u>		
	As at 31 March 1996	76830	76830
	Charged in Year	8094	8094
	Disposals	<u>(300)</u>	<u>(300)</u>
	As at 31 March 1997	<u>84624</u>	<u>84624</u>
	<u>Net Book Value</u>		
	As at 31 March 1997	<u>21158</u>	<u>21158</u>
	As at 31 March 1996	<u>31736</u>	<u>31736</u>

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1997

9 <u>Tangible Assets</u>	<u>Freehold Land and Buildings</u>	<u>Fixtures, Fittings and Equipment</u>	<u>Motor Vehicles</u>	<u>Total £</u>
<u>Cost or Valuation</u>				
As at 31 March 1996	65173	81885	21780	168838
Additions		6543		6543
Disposals	(1146)	(21075)		(22221)
As at 31 March 1997	<u>64027</u>	<u>67353</u>	<u>21780</u>	<u>153160</u>
<u>Depreciation</u>				
As at 31 March 1996	10704	50976	7487	69167
Charged in Year	2256	(2117)	3573	3712
Disposals	(1146)	(6075)		(7221)
As at 31 March 1997	<u>11814</u>	<u>42784</u>	<u>11060</u>	<u>65658</u>
<u>Net Book Value</u>				
As at 31 March 1997	<u>52213</u>	<u>24569</u>	<u>10720</u>	<u>87502</u>
As at 31 March 1996	<u>54469</u>	<u>30909</u>	<u>14293</u>	<u>99671</u>

Freehold Land and Buildings were valued on 31 March 1997 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>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Cost	22484	22484
Depreciation	<u>7200</u>	<u>6750</u>
Net Book Value	<u>15284</u>	<u>15734</u>

The net book value of tangible fixed assets includes an amount of £10720 (1996 £14293) in respect of assets held under hire purchase contracts. The related depreciation charge for the year was £3573 (1996 £4764).

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1997

10	<u>Investments</u>	<u>1997</u>	<u>1996</u>
		£	£
	<u>At Cost</u>	<u>20000</u>	<u>20000</u>
	<u>Trading Group Companies</u>		
	Testerworld Limited		
	% of Nominal Capital Held	100	100
	% of Nominal Capital Held	100	100
	Ordinary Shares of £1 each cost	<u>20000</u>	<u>20000</u>
11	<u>Stocks</u>	<u>1997</u>	<u>1996</u>
		£	£
	Goods for Resale	<u>102074</u>	<u>200388</u>
12	<u>Debtors</u>	<u>1997</u>	<u>1996</u>
		£	£
	Trade Debtors	98341	122106
	Amounts owed by Group Undertakings	167571	100668
	Directors Loan Account	-	4645
	Dividends Received	-	75000
	Prepayments and Accrued Income	250	250
	Corporation Tax	-	594
	Other Debtors	<u>10172</u>	<u>-</u>
		<u>276334</u>	<u>303263</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 1997	£ -
Amount of Loan at 1 April 1996	£ 4645
Maximum amount of loan during year	£24955

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1997

14	<u>Creditors: Amounts Falling Due</u>		
	<u>Within One Year</u>	<u>1997</u>	<u>1996</u>
		£	£
	Bank Loans	1250	18550
	Bank Overdrafts	89280	99349
	Trade Creditors	79514	172250
	Amounts owed to Group Undertakings	55842	47567
	Directors Loan Accounts	396	-
	Obligations under HP Contracts	3750	3750
	Corporation Tax	13046	4602
	Other Taxes and Social Security Costs	2673	4757
	Proposed Dividend	10000	50000
	Accruals and Deferred Income	6128	7068
	Other Creditors	<u>719</u>	<u>-</u>
		<u>262598</u>	<u>407893</u>

Notes

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

15	<u>Creditors: Amounts Falling Due After</u>		
	<u>More Than One Year</u>	<u>1997</u>	<u>1996</u>
		£	£
	Bank Loans	10875	20045
	Obligations under HP Contracts	<u>2187</u>	<u>5937</u>
		<u>13062</u>	<u>25982</u>

Notes

a) Included in the above are obligations under hire purchase contracts which are repayable as follows:

	<u>1997</u>	<u>1996</u>
	£	£
Amounts repayable:		
Between two and five years	<u>2187</u>	<u>5937</u>

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1997

16 Provision for Liabilities and Charges

Deferred Taxation

Deferred taxation comprises:

	<u>1997</u>		<u>1996</u>	
	<u>Full</u>	<u>Provided</u>	<u>Full</u>	<u>Provided</u>
	<u>Potential</u>	<u>in</u>	<u>Potential</u>	<u>in</u>
	<u>Amount</u>	<u>Accounts</u>	<u>Amount</u>	<u>Accounts</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Capital Allowances in advance of Depreciation	4732	4732	4597	4597

Rolled over Capital Gains with a potential liability of £16430 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>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
Ordinary Shares of £1 each	20000	20000	20000	20000

18 Reconciliation of Movements in Shareholders' Funds

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Profit for the financial year	33698	83675
Dividends	(45000)	(74000)
Net reduction to shareholders' funds	(11302)	9675
Opening shareholders' funds	249763	240088
Closing shareholders' funds	238461	249763

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 March 1996	49	17584	222134
Retained loss for the year			(11302)
As at 31 March 1997	49	17584	210832

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1997

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

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Operating Profit	54359	24647
Depreciation Charges	11805	22631
Movement in Stocks	98314	(109990)
Movement in Debtors	26335	30043
Movement in Creditors	(86370)	113740

Net Cash Inflow from Operating
Activities

	<u>104443</u>	<u>81071</u>
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21 Analysis of Changes in Cash and Cash
Equivalents during the year

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Balance at 31 March 1996	(66172)	(50786)
Net Cash Outflow	(11323)	(15386)
Balance at 31 March 1997	(77495)	(66172)

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

	<u>1997</u>	<u>1996</u>	<u>Change</u>
	<u>£</u>	<u>£</u>	<u>in year</u>
			<u>£</u>
Cash at Bank and in Hand	11785	33177	(21392)
Bank Overdrafts	(89280)	(99349)	10069
	(77495)	(66172)	(11323)

23 Analysis of Changes in financing
during the year

	<u>Share</u>	<u>Loans and Finance</u>
	<u>Capital</u>	<u>Lease Obligations</u>
	<u>£</u>	<u>£</u>
Balance at 31 March 1996	9996	48282
Cash Outflow from financing	-	(30220)
Balance at 31 March 1997	9996	18062

24 Commitments

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

Contracted £NIL (1996 £NIL)

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1997

25 Contingent Liabilities

These were as follows:

A unlimited guarantee to Lloyds Bank Plc to cover the bank borrowings of Testerworld Limited.

26 Subsidiaries/Ultimate Holding Company

The company has the one subsidiary Testerworld Limited which is wholly owned, operates principally in the United Kingdom, and has share capital consisting solely of ordinary shares. The aggregate of capital and reserves amounted to £484236 and the company made a profit for the year after taxation of £106889.

27 Transactions with Directors

During the year each director had £250 of horse medicines.

28 Controlling Parties

The company is under the control of Mr D M Leak who owns 50.98% of the issued shares.

29 Transactions with Related Parties

During the year the company had the following transactions with Testerworld Limited, a wholly owned subsidiary.

- (a) Sales amounting to £53159 were made at cost.
- (b) Purchases of goods amounting to £189802 on a commercial basis.
- (c) Expenses recharged on a commercial basis totalling £10246.
- (d) Management Charges were paid by Testerworld amounting to £65000.