

HADRIAN LIMITED

Accounts for the year ended: 31 March 1998

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 1998.

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.

Results and Dividends

The loss for the year after taxation was £7575.

An interim dividend of £1.60 per share (1997 £3.50 per share) was paid on 20 March 1998.

The directors do not propose to pay a final dividend (1997 £1 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>1998</u>	<u>1997</u>
D M Leak	£1 Ordinary	5096	5096
Mrs E A Leak	£1 Ordinary	4900	4900

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

X 

MRS E A LEAK
SECRETARY

Date X 26th October 1998

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 1998 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
DL14 6EN

Date 28th October 1998

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 *29th October 1998*

HADRIAN LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1998

	<u>Note</u>	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
<u>Turnover</u>	2	800927	1017467
<u>Cost of Sales</u>		(669523)	(827339)
<u>Gross Profit</u>		131404	190128
<u>Distribution Costs</u>		(159428)	(144473)
<u>Administrative Expenses</u>		(70388)	(60029)
<u>Other Operating Income</u>		<u>73725</u>	<u>68733</u>
<u>Operating Loss from Continuing Operations</u>		(24687)	54359
<u>Interest Receivable</u>		607	235
<u>Income from Shares in Group Companies</u>		26000	-
<u>Interest Payable and Similar Charges</u>	4	(10507)	(7574)
<u>Loss on Ordinary Activities before Taxation</u>	5	(8587)	47020
<u>Tax on Loss on Ordinary Activities</u>	6	<u>1012</u>	(13322)
<u>Loss for the Financial Year</u>		(7575)	33698
<u>Dividends</u>	7	(16000)	(45000)
<u>Retained Loss transferred to reserves</u>	18	(23575)	(11302)

The company made no recognised gains and losses in the year apart from the loss 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 1998

	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
Reported loss on ordinary activities before taxation	(8587)	47020
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 loss on ordinary activities before taxation	(<u>8233</u>)	<u>47374</u>
Historical cost loss for the year retained after taxation and dividends	(<u>23221</u>)	(<u>10948</u>)

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

HADRIAN LIMITED
BALANCE SHEET AS AT 31 MARCH 1998

		£	<u>1998</u> £	£	<u>1997</u> £
	<u>Note</u>				
<u>Fixed Assets</u>					
Intangible Assets	8	10580		21158	
Tangible Assets	9	95442		87502	
Investments	10	<u>20000</u>	126022	<u>20000</u>	128660
<u>Current Assets</u>					
Stocks	11	82274		102074	
Debtors	12	272923		276334	
Cash at Bank and in Hand		<u>9512</u>		<u>11785</u>	
		364709		390193	
<u>Creditors: Amounts Falling Due Within One Year</u>	13	<u>(254669)</u>		<u>(262598)</u>	
<u>Net Current Assets</u>			<u>110040</u>		<u>127595</u>
<u>Total Assets less Current Liabilities</u>			236062		256255
<u>Creditors: Amounts Falling Due After More Than One Year</u>	14		(18255)		(13062)
<u>Provision for Liabilities and Charges</u>	15		(<u>2921</u>)		(<u>4732</u>)
			<u>214886</u>		<u>238461</u>
<u>Capital and Reserves</u>					
Called up Share Capital	16		9996		9996
Capital Redemption Reserve	18		49		49
Revaluation Reserve	18		17584		17584
Profit and Loss Account	18		<u>187257</u>		<u>210832</u>
<u>Shareholders' Funds</u>					
Equity	17		<u>214886</u>		<u>238461</u>

Approved by the Board of Directors on

26th October 1998

X

Director

X

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 1998

		£	<u>1998</u> £	£	<u>1997</u> £
	<u>Note</u>				
<u>Net Cash Inflow from Operating Activities</u>	19		10789		104443
<u>Returns on Investments and Servicing of Finance</u>					
Interest Received		607		235	
Interest Paid		(8596)		(6637)	
HP and Finance Lease Interest Paid		(1911)		(937)	
<u>Net Cash Outflow from Returns on Investments and Servicing of Finance</u>			(9900)		(7339)
<u>Taxation</u>					
Corporation Tax Paid		(16321)		(4148)	
Advance Corporation Tax Paid		(2500)	(18821)	—	(4148)
<u>Capital Expenditure</u>					
Proceeds from Sale of Intangible Fixed Assets		—		2484	
Purchase of Tangible Fixed Assets		(31500)		(6543)	
Proceeds from Sale of Tangible Fixed Assets		15000		15000	
<u>Net Cash Outflow from Investing Activities</u>			(16500)		10941
			(34432)		103897
<u>Equity Dividends Received</u>			26000		—
<u>Equity Dividends Paid</u>			(26000)		(85000)
<u>Net Cash Outflow before Use of Liquid Resources and Financing</u>			(34432)		18897
<u>Financing</u>	22				
New Loan Capital		16500			
Repayment of Amount Borrowed		(10932)		(30220)	
<u>Net Cash Inflow from Financing</u>			5568		(30220)
<u>Decrease in Cash</u>	21		(28864)		(11323)

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

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1998

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 1998

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 loss by activity is given below.

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
<u>Dispensing Chemists</u>		
Turnover	800927	1016515
Loss	(6337)	53235
<u>Clothes Shop</u>		
Turnover	-	952
Loss	(2250)	(6215)

All turnover related to markets in the United Kingdom.

3 Staff Costs

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
These were as follows:		
Wages and Salaries	78459	83948
Social Security Costs	7951	6709
Other Pension Costs	<u>53750</u>	<u>2837</u>
	<u>140160</u>	<u>93494</u>

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1998

3 Staff Costs continued

The average weekly number of employees including directors during the year was 6, made up as follows:

	<u>1998</u>	<u>1997</u>
Management	2	2
Selling and Distribution	<u>4</u>	<u>8</u>
	<u>6</u>	<u>10</u>

4 Interest Payable and Similar Charges

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
On Bank Loans, Overdrafts and Other Loans wholly repayable within five years of Balance Sheet date	9298	6520
Other Loans	<u>1209</u>	<u>1054</u>
	<u>10507</u>	<u>7574</u>

5 Loss on Ordinary Activities
before Taxation

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>

This is stated after charging the following:

Directors Emoluments

Salaries as Executives	55200		55200	
Pension Contributions	52837		2837	
Other Emoluments	<u>1017</u>	109054	<u>1206</u>	59243

Auditors Remuneration (including
expenses)

Audit	1500	1500
Other Services	4750	3500

Hire Purchase and Finance Lease
Charges

1911	937
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Depreciation of Tangible Fixed Assets	8560	3711
Amortisation of Intangible Fixed Assets	<u>10578</u>	<u>8094</u>

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1998

6	<u>Tax on Profit on Ordinary Activities</u>	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
	Based on the loss for the year		
	Corporation Tax @ 21% (1997 - 24%)	-	13046
	Deferred Taxation	(1811)	<u>135</u>
		(1811)	13181
	Adjustments to previous year	<u>799</u>	<u>141</u>
		(1012)	<u>13322</u>
7	<u>Dividends</u>	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
	Ordinary - Interim Paid	16000	35000
	- Final Proposed	<u>-</u>	<u>10000</u>
		<u>16000</u>	<u>45000</u>
8	<u>Intangible Assets</u>	<u>Goodwill</u>	<u>Total</u>
	<u>Cost</u>		<u>£</u>
	As at 31 March 1997 and 31 March 1998	<u>105782</u>	<u>105782</u>
	<u>Depreciation</u>		
	As at 31 March 1997	84624	84624
	Charged in Year	<u>10578</u>	<u>10578</u>
	As at 31 March 1998	<u>95202</u>	<u>95202</u>
	<u>Net Book Value</u>		
	As at 31 March 1998	<u>10580</u>	<u>10580</u>
	As at 31 March 1997	<u>21158</u>	<u>21158</u>

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1998

9 <u>Tangible Assets</u>	<u>Freehold</u> <u>Land and</u> <u>Buildings</u>	<u>Fixtures,</u> <u>Fittings</u> <u>and</u> <u>Equipment</u>	<u>Motor</u> <u>Vehicles</u>	<u>Total</u> <u>£</u>
<u>Cost or Valuation</u>				
As at 31 March 1997	64027	67353	21780	153160
Additions			31500	31500
Disposals			(21780)	(21780)
As at 31 March 1998	<u>64027</u>	<u>67353</u>	<u>31500</u>	<u>162880</u>
<u>Depreciation</u>				
As at 31 March 1997	11814	42784	11060	65658
Charged in Year	1280	3684	3596	8560
Disposals			(6780)	(6780)
As at 31 March 1998	<u>13094</u>	<u>46468</u>	<u>7876</u>	<u>67438</u>
<u>Net Book Value</u>				
As at 31 March 1998	<u>50933</u>	<u>20885</u>	<u>23624</u>	<u>95442</u>
As at 31 March 1997	<u>52213</u>	<u>24569</u>	<u>10720</u>	<u>87502</u>

Freehold Land and Buildings were valued on 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>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
Cost	22484	22484
Depreciation	<u>7650</u>	<u>7200</u>
Net Book Value	<u>14834</u>	<u>15284</u>

The net book value of tangible fixed assets includes an amount of £23624 (1997 £10720) in respect of assets held under hire purchase contracts. The related depreciation charge for the year was £7876 (1997 £3573).

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1998

10	<u>Investments</u>	<u>1998</u>	<u>1997</u>
		<u>£</u>	<u>£</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 Issued Capital Held	100	100
	Ordinary Shares of £1 each cost	<u>20000</u>	<u>20000</u>
11	<u>Stocks</u>	<u>1998</u>	<u>1997</u>
		<u>£</u>	<u>£</u>
	Goods for Resale	<u>82274</u>	<u>102074</u>
12	<u>Debtors</u>	<u>1998</u>	<u>1997</u>
		<u>£</u>	<u>£</u>
	Trade Debtors	88344	98341
	Amounts owed by Group Undertakings	169157	167571
	Prepayments and Accrued Income	200	250
	Other Debtors	4976	10172
	Directors Loan Accounts	<u>10246</u>	<u>-</u>
		<u>272923</u>	<u>276334</u>

All due within one year

Notes

a) Directors loan accounts are unsecured, interest free and repayable on demand.

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
D M Leak	5127	-
Mrs E A Leak	<u>5119</u>	<u>-</u>
	<u>10246</u>	<u>-</u>

The maximum amount of loans due to the company during the year was D M Leak £13144 and Mrs E A Leak £12822.

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1998

13	<u>Creditors: Amounts Falling Due Within One Year</u>	<u>1998</u>	<u>1997</u>
		<u>£</u>	<u>£</u>
	Bank Loans	1250	1250
	Bank Overdrafts	115871	89280
	Trade Creditors	41412	79514
	Amounts owed to Group Undertakings	51472	55842
	Directors Loan Accounts	-	396
	Obligations under HP Contracts	4125	3750
	Corporation Tax	-	13046
	Other Taxes and Social Security Costs	32560	2673
	Proposed Dividend	-	10000
	Accruals and Deferred Income	7675	6128
	Other Creditors	<u>304</u>	<u>719</u>
		<u>254669</u>	<u>262598</u>

Notes

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

b) a) Directors loan accounts are unsecured, interest free and repayable on demand.

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
D M Leak	-	307
Mrs E A Leak	<u>-</u>	<u>89</u>
	<u>-</u>	<u>396</u>

14	<u>Creditors: Amounts Falling Due After More Than One Year</u>	<u>1998</u>	<u>1997</u>
		<u>£</u>	<u>£</u>
	Bank Loans	9661	10875
	Obligations under HP Contracts	<u>8594</u>	<u>2187</u>
		<u>18255</u>	<u>13062</u>

Notes

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

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Amounts repayable:		
Between two and five years	<u>8594</u>	<u>2187</u>

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1998

15 Provision for Liabilities and Charges

Deferred Taxation

Deferred taxation comprises:

	<u>Full</u> <u>Potential</u> <u>Amount</u> <u>£</u>	<u>1998</u> <u>Provided</u> <u>in</u> <u>Accounts</u> <u>£</u>	<u>Full</u> <u>Potential</u> <u>Amount</u> <u>£</u>	<u>1997</u> <u>Provided</u> <u>in</u> <u>Accounts</u> <u>£</u>
Capital Allowances in advance of Depreciation	2921	2921	4732	4732

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.

16 Share Capital

	<u>Authorised</u> <u>1998</u> <u>1997</u>	<u>1998</u> <u>1997</u>	<u>Allotted, Issued</u> <u>and Fully Paid</u> <u>1998</u> <u>1997</u>
Ordinary Shares of £1 each	20000	20000	9996 9996

17 Reconciliation of Movements in Shareholders' Funds

	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
Loss for the financial year	(7575)	33698
Dividends	(16000)	(45000)
Net reduction to shareholders' funds	(23575)	(11302)
Opening shareholders' funds	<u>238461</u>	<u>249763</u>
Closing shareholders' funds	<u>214886</u>	<u>238461</u>

18 Reserves

	<u>Capital</u> <u>Redemption</u> <u>Reserve</u> <u>£</u>	<u>Revaluation</u> <u>Reserve</u> <u>£</u>	<u>Profit and</u> <u>Loss</u> <u>Account</u> <u>£</u>
As at 31 March 1997	49	17584	210832
Retained loss for the year			(23575)
As at 31 March 1998	<u>49</u>	<u>17584</u>	<u>187257</u>

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1998

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

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Operating Loss	(24687)	54359
Depreciation Charges	19138	11805
Movement in Stocks	19800	98314
Movement in Debtors	25	26335
Movement in Creditors	(3487)	(86370)
<u>Net Cash Inflow from Operating</u> <u>Activities</u>	<u>10789</u>	<u>104443</u>

20 Analysis of Changes in Financing
During the Year

	<u>Share</u> <u>Capital</u>	<u>Loans and Finance</u> <u>Lease Obligations</u>
	<u>£</u>	<u>£</u>
Balance at 31 March 1997	9996	18062
Cash inflow from financing		<u>5568</u>
Balance at 31 March 1998	<u>9996</u>	<u>23630</u>

21 Analysis of Changes in Net Debt

	<u>As at</u> <u>31 March 1997</u>	<u>Cash</u> <u>Flows</u>	<u>As at</u> <u>31 March 1998</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Cash in Hand, at Bank	11785	2273	9512
Overdraft	(89280)	<u>26591</u>	(115871)
		28864	
Long Term Loans	(12125)	(1214)	(10911)
Finance Leases	(5937)	<u>6782</u>	(12719)
Total	<u>(95557)</u>	<u>34432</u>	<u>(129989)</u>

22 Reconciliation of Net Cash Flow to Movement in Net Debt

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Increase in Cash in the Year	28864	11323
Cash inflow from new loan	16500	-
Loans repaid	(1214)	(26470)
Finance leases repaid	(9718)	(3750)
Movement in net debt in the year	34432	(18897)
Net Debt at 31 March 1997	<u>95557</u>	<u>114454</u>
Net Debt at 31 March 1998	<u>129989</u>	<u>95557</u>

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1998

23 Commitments

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

Contracted £NIL (1997 £NIL)

24 Contingent Liabilities

These were as follows:

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

26 Subsidiaries

The company has 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 £552543 and the company made a profit for the year after taxation of £94307.

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 £29509 were made at cost.
- (b) Purchases of goods amounting to £135539 on a commercial basis.
- (c) Expenses recharged on a commercial basis totalling £5000.
- (d) Management Charges were paid by Testerworld amounting to £65000.