

HADRIAN LIMITED

Accounts for the year ended:

31 March 1999

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 1999.

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.

Results and Dividends

The profit for the year after taxation was £69765.

An interim dividend of £3 per share (1998 £1.60 per share) was paid on 9 October 1998 and £3.50 per share (1998 £NIL per share) was paid on 30 March 1999.

The directors do not propose to pay a final dividend.

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>1999</u>	<u>1998</u>
D M Leak	£1 Ordinary	5096	5096
Mrs E A Leak	£1 Ordinary	4900	4900

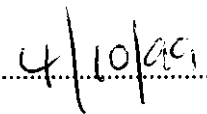
HADRIAN LIMITED
DIRECTORS REPORT AND ACCOUNTS

Auditors

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

By Order of the Board


.....
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 4 to 17.

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 1999 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 4th Oct 1999

HADRIAN LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1999

	<u>Note</u>	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
<u>Turnover</u>	2	912362	800927
<u>Cost of Sales</u>		(750159)	(669523)
<u>Gross Profit</u>		162203	131404
<u>Distribution Costs</u>		(88529)	(159428)
<u>Administrative Expenses</u>		(79926)	(70388)
<u>Other Operating Income</u>		<u>29818</u>	<u>73725</u>
<u>Operating Profit from Continuing Operations</u>		23566	(24687)
<u>Interest Receivable</u>		345	607
<u>Income from Shares in Group Companies</u>		65000	26000
<u>Interest Payable and Similar Charges</u>	4	(8447)	(10507)
<u>Profit on Ordinary Activities before Taxation</u>	5	80464	(8587)
<u>Tax on Profit on Ordinary Activities</u>	6	(10699)	<u>1012</u>
<u>Profit for the Financial Year</u>		69765	(7575)
<u>Dividends</u>	7	(65000)	(16000)
<u>Retained Profit transferred to reserves</u>	18	<u>4765</u>	(23575)

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 8 to 17 form part of these accounts.

HADRIAN LIMITED
NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 1999

	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Reported profit on ordinary activities before taxation	49664	(8587)
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>50018</u>	(<u>8233</u>)
Historical cost loss for the year retained after taxation and dividends	(<u>15602</u>)	(<u>23221</u>)

The notes on pages 8 to 17 form part of these accounts.

HADRIAN LIMITED
BALANCE SHEET AS AT 31 MARCH 1999

		£	<u>1999</u> £	£	<u>1998</u> £
	<u>Note</u>				
<u>Fixed Assets</u>					
Intangible Assets	8	-		10580	
Tangible Assets	9	85122		95442	
Investments	10	<u>20000</u>	105122	<u>20000</u>	126022
<u>Current Assets</u>					
Stocks	11	166366		82274	
Debtors	12	234263		272923	
Cash at Bank and in Hand		<u>39556</u>		<u>9512</u>	
		440185		364709	
<u>Creditors: Amounts Falling Due Within One Year</u>	13	<u>(308210)</u>		<u>(254669)</u>	
<u>Net Current Assets</u>			<u>131975</u>		<u>110040</u>
<u>Total Assets less Current Liabilities</u>			237097		236062
<u>Creditors: Amounts Falling Due After More Than One Year</u>	14	(12709)		(18255)	
<u>Provision for Liabilities and Charges</u>	15	(4737)		(2921)	
			<u>219651</u>		<u>214886</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>192022</u>		<u>187257</u>
<u>Shareholders' Funds</u>					
Equity	17		<u>219651</u>		<u>214886</u>

Approved by the Board of Directors on

4/10/99. Director
D M LEAK

The notes on pages 8 to 17 form part of these accounts.

HADRIAN LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1999

		<u>£</u>	<u>1999</u> <u>£</u>	<u>£</u>	<u>1998</u> <u>£</u>
	<u>Note</u>				
<u>Net Cash Outflow from Operating Activities</u>	19		69774		10789
<u>Returns on Investments and Servicing of Finance</u>					
Interest Received		345		607	
Interest Paid		(7682)		(8596)	
HP and Finance Lease Interest Paid		(765)		(1911)	
<u>Net Cash Outflow from Returns on Investments and Servicing of Finance</u>			(8102)		(9900)
<u>Taxation</u>					
Corporation Tax Paid		5061		(16321)	
Advance Corporation Tax Paid		—	5061	(2500)	(18821)
<u>Capital Expenditure</u>					
Purchase of Tangible Fixed Assets		-		(31500)	
Proceeds from Sale of Tangible Fixed Assets		—		15000	
<u>Net Cash Outflow from Investing Activities</u>			—		(16500)
			66733		(34432)
<u>Equity Dividends Received</u>			65000		26000
<u>Equity Dividends Paid</u>			(65000)		(26000)
<u>Net Cash Inflow before Use of Liquid Resources and Financing</u>			66733		(34432)
<u>Financing</u>	20				
New Loan Capital		-		16500	
Repayment of Amount Borrowed		(5446)		(10932)	
<u>Net Cash Outflow from Financing</u>			(5446)		5568
<u>Increase in Cash</u>	21		61287		(28864)

The notes on pages 8 to 17 form part of these accounts.

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1999

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 1999

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 defined contribution pension schemes which require contributions to be made to separately administered funds. Contributions to these funds are charged to the profit and loss account on the basis of payments made into the schemes.

2 Turnover

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

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

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
<u>Dispensing Chemists</u>		
Turnover	912362	800927
Profit	49664	(6337)
<u>Clothes Shop</u>		
Turnover	-	-
Loss	-	(2250)

All turnover related to markets in the United Kingdom.

3	<u>Staff Costs</u>	<u>1999</u>	<u>1998</u>
		<u>£</u>	<u>£</u>
	These were as follows:		
	Wages and Salaries	46766	78459
	Social Security Costs	2750	7951
	Other Pension Costs	<u>24929</u>	<u>53750</u>
		<u>74445</u>	<u>140160</u>

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1999

3 Staff Costs continued

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

	<u>1999</u>	<u>1998</u>
Management	2	2
Selling and Distribution	<u>4</u>	<u>4</u>
	<u>6</u>	<u>6</u>

4 Interest Payable and Similar Charges

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
On Bank Loans, Overdrafts and Other Loans wholly repayable within five years of Balance Sheet date	7356	9298
Other Loans	<u>1091</u>	<u>1209</u>
	<u>8447</u>	<u>10507</u>

5 Profit on Ordinary Activities
before Taxation

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>

This is stated after charging the following:

Directors Emoluments

Salaries as Executives	-	55200	
Pension Contributions	23989	52837	
Other Emoluments	<u>-</u>	<u>1017</u>	109054

Auditors Remuneration (including
expenses)

Audit	1500	1500
Other Services	5200	4750

Hire Purchase and Finance Lease
Charges

765	1911
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Depreciation of Tangible Fixed Assets	10320	8560
Amortisation of Intangible Fixed Assets	<u>10580</u>	<u>10578</u>

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1999

6	<u>Tax on Profit on Ordinary Activities</u>	<u>1999</u>	<u>1998</u>
		<u>£</u>	<u>£</u>
	Based on the profit for the year	8968	-
	Deferred Taxation	<u>1816</u>	<u>(1811)</u>
		10784	(1811)
	Adjustments to previous year	(85)	<u>799</u>
		<u>10699</u>	<u>(1012)</u>
7	<u>Dividends</u>	<u>1999</u>	<u>1998</u>
		<u>£</u>	<u>£</u>
	Ordinary - Interim Paid	<u>65000</u>	<u>16000</u>
8	<u>Intangible Assets</u>	<u>Goodwill</u>	<u>Total</u>
	<u>Cost</u>		<u>£</u>
	As at 31 March 1998 and 31 March 1999	<u>105782</u>	<u>105782</u>
	<u>Depreciation</u>		
	As at 31 March 1998	95202	95202
	Charged in Year	<u>10580</u>	<u>10580</u>
	As at 31 March 1999	<u>105782</u>	<u>105782</u>
	<u>Net Book Value</u>		
	As at 31 March 1999	-	-
	As at 31 March 1998	<u>10580</u>	<u>10580</u>

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1999

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 1998 and 31 March 1999	64027	67353	31500	162880
 <u>Depreciation</u>				
As at 31 March 1998	13094	46468	7876	67438
Charged in Year	1281	3133	5906	10320
 As at 31 March 1999	14375	49601	13782	77758
 <u>Net Book Value</u>				
As at 31 March 1999	49652	17752	17718	85122
 As at 31 March 1998	50933	20885	23624	95442

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>1999 £</u>	<u>1998 £</u>
Cost	22484	22484
Depreciation	8100	7650
 Net Book Value	 14384	 14834

The net book value of tangible fixed assets includes an amount of £17718 (1998 £23624) in respect of assets held under hire purchase contracts. The related depreciation charge for the year was £5906 (1998 £7876).

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1999

10	<u>Investments</u>	<u>1999</u>	<u>1998</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>1999</u>	<u>1998</u>
		<u>£</u>	<u>£</u>
	Goods for Resale	<u>166366</u>	<u>82274</u>
12	<u>Debtors</u>	<u>1999</u>	<u>1998</u>
		<u>£</u>	<u>£</u>
	Trade Debtors	81431	88344
	Amounts owed by Group Undertakings	152632	169157
	Directors Loans Account	-	10246
	Prepayments and Accrued Income	200	200
	Other Debtors	<u>-</u>	<u>4976</u>
		<u>234263</u>	<u>272923</u>
	All due within one year		
13	<u>Creditors: Amounts Falling Due</u>		
	<u>Within One Year</u>	<u>1999</u>	<u>1998</u>
		<u>£</u>	<u>£</u>
	Bank Loans	1350	1250
	Bank Overdrafts	84628	115871
	Trade Creditors	142362	41412
	Amounts owed to Group Undertakings	36821	51472
	Directors Loan Accounts	6844	-
	Obligations under HP Contracts	4125	4125
	Corporation Tax	8968	-
	Other Taxes and Social Security Costs	15260	32560
	Accruals and Deferred Income	7852	7675
	Other Creditors	<u>-</u>	<u>304</u>
		<u>308210</u>	<u>254669</u>

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1999

13 Creditors: Amounts Falling Due
Within One Year continued
Notes

- a) Bank borrowings are secured by a fixed and floating charge over the assets of the company.
- b) Directors loan accounts are unsecured, interest free and repayable on demand.

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
D M Leak	3677	(5127)
Mrs E A Leak	<u>3167</u>	<u>(5119)</u>
	<u>6844</u>	<u>(10246)</u>

The maximum amount of loans due to the company during the year was D M Leak £14804 and Mrs E A Leak £14551.

14 Creditors: Amounts Falling Due After
More Than One Year

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
Bank Loans	8240	9661
Obligations under HP Contracts	<u>4469</u>	<u>8594</u>
	<u>12709</u>	<u>18255</u>

Notes

- a) Details of loans not wholly repayable within five years are as follows:

A business loan of £9590 to be repaid by June 2004.

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

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
Amounts repayable:		
Between two and five years	<u>4469</u>	<u>8594</u>

15 Provision for Liabilities and Charges
Deferred Taxation
Deferred taxation comprises:

	<u>1999</u>	<u>1998</u>
	<u>Full</u>	<u>Full</u>
	<u>Potential</u>	<u>Potential</u>
	<u>Amount</u>	<u>Amount</u>
	<u>£</u>	<u>£</u>
Capital Allowances in advance of Depreciation	<u>1785</u>	<u>2921</u>
	<u>1785</u>	<u>2921</u>

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1999

16	<u>Share Capital</u>	<u>Authorised</u>		<u>Allotted, Issued and Fully Paid</u>	
		<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	Ordinary Shares of £1 each	20000	20000	9996	9996
17	<u>Reconciliation of Movements in Shareholders' Funds</u>	<u>1999</u>		<u>1998</u>	
		<u>£</u>		<u>£</u>	
	Profit for the financial year	69765		(7575)	
	Dividends	(65000)		(16000)	
	Net increase in shareholders' funds	4765		(23575)	
	Opening shareholders' funds	<u>214886</u>		<u>238461</u>	
	Closing shareholders' funds	<u>219651</u>		<u>214886</u>	
18	<u>Reserves</u>	<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 1998	49	17584	187257	
	Retained profit for the year			<u>4765</u>	
	As at 31 March 1999	<u>49</u>	<u>17584</u>	<u>192022</u>	
19	<u>Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities</u>	<u>1999</u>		<u>1998</u>	
		<u>£</u>		<u>£</u>	
	Operating Profit	23566		(24687)	
	Depreciation Charges	20900		19138	
	Movement in Stocks	(84092)		19800	
	Movement in Debtors	33684		25	
	Movement in Creditors	<u>75716</u>		<u>(3487)</u>	
	<u>Net Cash Inflow from Operating Activities</u>	<u>69774</u>		<u>10789</u>	

HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1999

20	<u>Analysis of Changes in Financing</u> <u>During the Year</u>	<u>Share</u> <u>Capital</u> <u>£</u>	<u>Loans and Finance</u> <u>Lease Obligations</u> <u>£</u>
	Balance at 31 March 1998	9996	23630
	Cash Outflow from financing		<u>5446</u>
	Balance at 31 March 1999	<u>9996</u>	<u>18184</u>

21	<u>Analysis of Changes in Net Debt</u>	<u>As at</u> <u>31 March 1998</u> <u>£</u>	<u>Cash</u> <u>Flows</u> <u>£</u>	<u>As at</u> <u>31 March 1999</u> <u>£</u>
	Cash in Hand, at Bank	9512	(30044)	39556
	Overdraft	(115871)	(31243)	(84628)
			(61287)	
	Long Term Loans	(10911)	(1321)	(9590)
	Finance Leases	(12719)	(4125)	(8594)
	Total	<u>(129989)</u>	<u>(66733)</u>	<u>(63256)</u>

22	<u>Reconciliation of Net Cash Flow to Movement in Net Debt</u>	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
	Increase in Cash in the Year	(61287)	28864
	Cash Inflow from New Loan	-	16500
	Loans Repaid	(1321)	(1214)
	Finance Leases Repaid	(4125)	(9718)
	Movement in Net Debt in the Year	(66733)	34432
	Net Debt at 31 March 1998	<u>129989</u>	<u>95557</u>
	Net Debt at 31 March 1999	<u>63256</u>	<u>129989</u>

23	<u>Commitments</u> The directors have authorised future capital expenditure for the company as follows: Contracted £NIL (1998 £NIL)
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HADRIAN LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1999

24 Contingent Liabilities

These were as follows:

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

25 Pension Schemes

The assets of the pension schemes are held separately from those of the company in an independently administered fund. The pension cost represents contributions payable by the company to the fund and amounted to £22837 (1998 £52837).

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 £685528 and the company made a profit for the year of £197985 after taxation.

27 Transactions with Directors

During the year each director had £500 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 £26169 were made at cost.
- (b) Purchases of goods amounting to £139650 on a commercial basis.
- (c) Expenses recharged on a commercial basis totalling £9247.
- (d) Management Charges were paid by Testerworld Limited amounting to £25000.