

HADRIAN LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2000



Company No. 01547607

HADRIAN LIMITED

COMPANY INFORMATION

Directors	Mr D M Leak Mrs E A Leak
Secretary	Mrs E A Leak
Company number	01547607
Registered office	1 Cockton Hill Road Bishop Auckland Co Durham DL14 6EN
Registered Auditors	Allen Sykes 1 Cockton Hill Road Bishop Auckland DL14 6EN
Bankers	HSBC Bank Plc 77 Grainger Street Newcastle Upon Tyne NE99 1SA

HADRIAN LIMITED

CONTENTS

	Page
Directors' report	1 to 2
Auditors' report	3 and 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the accounts	8 to 17
<i>The following pages do not form part of the statutory accounts</i>	
Management profit and loss account	18 to 19

HADRIAN LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH 2000

The directors present their report and the audited accounts for the company for the year ended 31st March 2000.

Principal activities and review of business

The company's principal activities during the year were as retail chemists and the retail of equine medicines and accessories. During the year the remaining retail chemist was sold.

Results and dividends

The results for the year are set out in the profit and loss account on page 5.

The directors consider the profit achieved on ordinary activities before taxation to be £121513.

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

The directors recommend dividends amounting to £110,000 (1999: £65,000).

Directors and their interests

The directors who held office during the year and their beneficial interests in the company's issued share capital are given below:

Name of director	Share type	At 31st March 2000	At 1st April 1999
Mr D M Leak	£1 Ordinary	5096	5096
Mrs E A Leak	£1 Ordinary	4900	4900

Year 2000

Many computer systems which express dates using only the last two digits of the year may malfunction due to the date change to the Year 2000. This risk to the business relates not only to the company's computer systems, but also to some degree on those of the company's customers and suppliers.

The company suffered no impact from the Year 2000 date change nor did any its major customers, suppliers or trading partners.

HADRIAN LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH 2000

Statement of directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those accounts the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;

Prepare the accounts 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 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.

By order of the Board



Mrs E A Leak, Secretary

Date: 22/9/00

1 Cockton Hill Road
Bishop Auckland
Co Durham
DL14 6EN

AUDITORS' REPORT TO THE SHAREHOLDERS OF HADRIAN LIMITED

We have audited the accounts on pages 5 to 17 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 1 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 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 information and explanations which 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 the 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 31st March 2000 and of its loss and cash flows 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
DL14 6EN

Date: 22/9/2000

**AUDITORS' REPORT TO THE DIRECTORS OF
HADRIAN LIMITED PURSUANT TO SECTION 248(3)
OF THE COMPANIES ACT 1985**

We have examined the accounts of the company and each of its subsidiaries for the year ended 31st March 2000.

Basis of opinion

The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemption from preparing group accounts.

Opinion

In our opinion the company is entitled to the exemption from preparing group accounts conferred by Section 248 of the Companies Act 1985.


Allen Sykes
Chartered Accountants and Registered Auditors
1 Cockton Hill Road
Bishop Auckland
DL14 6EN
Date: 22/9/2000

HADRIAN LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 2000

	Notes	2000 £	2000 £	1999 £	1999 £
Turnover	2				
Continuing operations		523,591		427,905	
		523,591		427,905	
Discontinued operations		174,639		484,457	
Discontinued operations			698,230		912,362
Cost of Sales	3		575,594		750,159
Gross profit			122,636		162,203
Distribution costs	3		(84,123)		(88,529)
Administrative expenses	3		33,716		(79,926)
Other income	3		18,488		94,818
Operating profit	3				
Continuing operations		(41,147)		79,025	
Discontinued		131,864		9,541	
			90,717		88,566
			90,717		88,566
Profit on sale of fixed assets	7		35,393		-
Profit on ordinary activities before interest			126,110		88,566
Interest payable and similar charges	5		(9,773)		(8,447)
Interest receivable			5,176		345
Profit on ordinary activities before taxation			121,513		80,464
Taxation on Profit on ordinary activities	8		(12,376)		(10,699)
Profit for the financial year			109,137		69,765
Dividends	9		(110,000)		(65,000)
Retained loss/profit for the year			(863)		4,765
Retained profit brought forward			192,022		187,257
Retained profit carried forward			191,159		192,022

There were no recognised gains or losses for 2000 or 1999 other than those included in the profit and loss account.

HADRIAN LIMITED

BALANCE SHEET

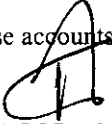
AS AT 31ST MARCH 2000

	Notes	£	2000 £	£	1999 £
Fixed assets					
Tangible assets	11		70,465		85,122
Investments	12		20,000		20,000
			<u>90,465</u>		<u>105,122</u>
Current assets					
Stocks	14	92,235		166,366	
Debtors	15	76,503		234,263	
Cash at bank and in hand		123,156		39,556	
		<u>291,894</u>		<u>440,185</u>	
Creditors: amounts falling due within one year	16	<u>(148,197)</u>		<u>(308,210)</u>	
Net current assets			<u>143,697</u>		<u>131,975</u>
Total assets less current liabilities			<u>234,162</u>		<u>237,097</u>
Creditors: amounts falling due after more than one year	17		(15,374)		(12,709)
Provisions for liabilities and charges					
Deferred taxation	20		-		(4,737)
			<u>218,788</u>		<u>219,651</u>
Capital and reserves					
Share capital	21		9,996		9,996
Revaluation reserve			17,584		17,584
Capital redemption reserve			49		49
Profit and loss account			191,159		192,022
Shareholders' funds	22		<u>218,788</u>		<u>219,651</u>

These accounts were approved by the board on

22nd September 2000

and signed on its behalf by:


Mr D M Leak
Director

HADRIAN LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2000

	Notes	2000 £	1999 £
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		90,717	88,566
Depreciation		(93,083)	20,900
Decrease/Increase in stocks		74,131	(84,092)
Decrease in debtors		162,736	33,684
Decrease/Increase in creditors		(92,332)	75,716
Net cash inflow from operating activities		142,169	134,774

CASH FLOW STATEMENT

Net cash inflow from operating activities		142,169	134,774
Returns on investments and servicing of finance	29	(4,597)	(8,102)
Taxation		(13,945)	5,061
Capital expenditure and financial investment	29	143,133	-
Equity dividends paid		(110,000)	(65,000)
Cash inflow before use of liquid resources and financing		156,760	66,733
Financing	29	11,468	(5,446)
Increase in cash		168,228	61,287
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the year		168,228	61,287
Increase/Decrease in loans	30	(11,468)	5,446
Decrease in net debt	30	156,760	66,733
Net debt at 1st April 1999		(63,256)	(129,989)
Net funds/debt at 31st March 2000	30	93,504	(63,256)

HADRIAN LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2000

1 Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Consolidation

The accounts contain information about Hadrian Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a small group.

Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts.

Tangible fixed assets and depreciation

Depreciation has been provided at the following rates in order to write down the cost or valuation, less estimated residual value, of all tangible fixed assets, with the exception of freehold land, over their expected useful lives:

Freehold buildings	:	2% straight line
Motor vehicles	:	25% reducing balance
Fixtures, fittings and equipment	:	15% reducing balance

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Stocks

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

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Contribution to pension funds

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

HADRIAN LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2000

Hire purchase and leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

2 Turnover

The geographical analysis of turnover is as follows:

	2000 £	1999 £
UK	698,230	912,362

3 Operating profit

	2000 £	1999 £
<i>Cost of sales</i>		
Continuing operations	443,643	365,469
Discontinued operations	131,951	384,690
	575,594	750,159

Other operating income and charges

Continuing operations

Distribution costs	58,871	31,489
Administrative expenses	65,224	44,922
Other operating income	(3,000)	(93,000)

Discontinued operations

Distribution costs	25,252	57,040
Administrative expenses	(98,940)	35,004
Other operating income	15,488	1,818
	(89,176)	90,226

The operating profit is stated after charging or crediting:

	2000 £	1999 £
Depreciation of tangible fixed assets:		
-owned assets	(102,708)	14,994
-assets held under finance leases and hire purchase	9,625	5,906
Auditors' remuneration	5,200	6,700
Rental income	(3,160)	(4,818)

HADRIAN LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2000

4	Interest receivable	2000	1999
		£	£
	Bank interest receivable	5,176	345

5	Interest payable and similar charges	2000	1999
		£	£
	Interest payable on bank loans and overdrafts	6,697	7,617
	Finance leases and hire purchase contracts	3,076	765
	Interest payable on other loans	-	65
		9,773	8,447

6	Directors and employees		
	Staff costs, including directors' remuneration, were as follows:		
		2000	1999
		£	£
	Wages and salaries	22,103	48,364
	Social security costs	1,034	1,152
	Other pension costs	53,539	24,929
	Other costs	2,945	8,886
		79,621	83,331

The average monthly number of employees, including directors, during the year was as follows:

	2000	1999
	Number	Number
Management	2	2
Selling and distribution	1	4
	3	6

Directors' emoluments	2000	1999
	£	£
Directors' pension contributions under defined contribution schemes	52,837	22,837
	52,837	22,837

Retirement benefits were accruing to directors as follows:	2000	1999
	Number	Number
Defined contribution pension scheme	2	2

HADRIAN LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2000

7	Exceptional items	2000	1999
		£	£
	Profit on sale of fixed assets	35,393	-
		35,393	-
8	Taxation	2000	1999
		£	£
	Based on the profit for the year:		
	UK corporation tax at 20% (1999: 21%)	17,113	8,883
	Deferred tax charge	(4,737)	1,816
		12,376	10,699
9	Dividends	2000	1999
		£	£
	Equity dividends		
	Ordinary dividends - paid	110,000	65,000
	Total equity dividends	110,000	65,000
10	Intangible fixed assets		
		Goodwill	Total
	Cost	£	£
	At 1st April 1999	105,782	105,782
	Disposals	(105,782)	(105,782)
	At 31st March 2000	-	-
	At 1st April 1999	105,782	105,782
	Provided during the year	(105,782)	(105,782)
	At 31st March 2000	-	-
	Net book value		
	At 31st March 2000	-	-
	<i>At 31st March 1999</i>	-	-

HADRIAN LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2000

11 Tangible fixed assets

	Freehold land and buildings	Motor vehicles	Fixtures, fittings and equipment	Total
Cost or valuation	£	£	£	£
At 1st April 1999	64,027	31,500	67,353	162,880
Additions	-	51,245	2,622	53,867
Disposals	(23,827)	(31,500)	(67,353)	(122,680)
At 31st March 2000	40,200	51,245	2,622	94,067
Depreciation				
At 1st April 1999	14,375	13,782	49,601	77,758
Charge for the year	(1,577)	11,405	2,871	12,699
Disposals	-	(14,500)	(52,355)	(66,855)
At 31st March 2000	12,798	10,687	117	23,602
Net book value				
At 31st March 2000	27,402	40,558	2,505	70,465
<i>At 31st March 1999</i>	<i>49,652</i>	<i>17,718</i>	<i>17,752</i>	<i>85,122</i>

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 fixed assets are included at cost.

On a historical cost basis, freehold land and buildings would have been included as follows:

	31st March 2000	1st April 1999
	£	£
Cost	22,484	22,484
Cumulative depreciation based on cost	8,550	8,100

Assets held under finance leases and hire purchase originally cost £38,500 (1999: £31,500) and have a net book value of £28,875 (1999: £17,718). Depreciation charged for the year was £9,625 (1999: £5,906).

HADRIAN LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2000

12 Fixed asset investments

	Loans to group undertakings £	Total £
Cost		
At 1st April 1999	20,000	20,000
At 31st March 2000	20,000	20,000
Net book value		
At 31st March 2000	20,000	20,000
At 31st March 1999	20,000	20,000

13 Shares in group undertakings

Name of company and registered office	Country of incorporation	Details of investments	Proportion held by company	Proportion held by subsidiary	Nature of business
Testerworld Limited, Derwent House, Prudhoe Station Industrial Estate, Prudhoe, Northumberland. NE42 6NP.	United Kingdom	20,000 £1 Ordinary Shares	100%		Pharmacy Wholesaler
				Profit/(loss) for the year £	Capital and reserves £
				356120	1087287

14 Stocks

	2000 £	1999 £
Goods for resale	92,235	166,366
	92,235	166,366

15 Debtors

	2000 £	1999 £
Trade debtors	16,779	81,431
Amounts owed by subsidiary undertakings	54,524	152,632
Other debtors	5,200	200
	76,503	234,263

HADRIAN LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2000

16	Creditors: amounts falling due within one year	2000	1999
		£	£
	Bank loans and overdrafts (Note 18)	-	85,978
	Obligations under hire purchase and finance lease (Note 19)	14,278	4,125
	Trade creditors	65,394	142,362
	Amounts owed to subsidiary undertakings (Note 18)	-	36,821
	Corporation tax	17,112	8,968
	Other taxes and social security	13,908	15,260
	Accruals and deferred income	6,070	7,852
	Directors' current accounts	31,435	6,844
		<u>148,197</u>	<u>308,210</u>

The bank overdrafts are secured by a fixed and floating charge over all of the company's assets.

17	Creditors: amounts falling due after more than one year	2000	1999
		£	£
	Bank loans and overdrafts (Note 18)	-	8,240
	Obligations under hire purchase and finance lease (Note 19)	15,374	4,469
		<u>15,374</u>	<u>12,709</u>

The bank overdrafts are secured by a fixed and floating charge over all of the company's assets.

18	Loans and borrowings	2000	1999
		£	£
	Analysis of loans		
	Bank loans and overdraft	-	94,218
	Obligations under hire purchase and finance lease	29,652	8,594
		<u>29,652</u>	<u>102,812</u>

Maturity of debt

In one year or less, or on demand	-	85,978
In more than two years, but not more than five years	-	8,240
	<u>-</u>	<u>94,218</u>

19	Obligations under hire purchase and finance leases	2000	1999
		£	£
	Obligations under hire purchase contracts and finance leases are analysed between amounts payable:		
	In the next year	14,278	4,125
	In the second to fifth years inclusive	15,374	4,469
		<u>29,652</u>	<u>8,594</u>

HADRIAN LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2000

20 Deferred taxation

The movements in deferred taxation during the current and previous years are as follows:

	2000 £	1999 £
At 1st April 1999	4,737	2,921
Movement in the year	(4,737)	1,816
At 31st March 2000	-	4,737

Deferred taxation provided and unprovided for in the accounts is set out below. The amount unprovided represents a contingent liability at the balance sheet date and is calculated using a tax rate of 20% (1999: 21%).

21 Share capital

	2000 £	1999 £
Authorised Equity shares		
20,000 Ordinary shares of £1.00 each	20,000	20,000
	<u>20,000</u>	<u>20,000</u>
Allotted Equity shares		
- Allotted, called up and fully paid ordinary shares of £1.00 each	9,996	9,996
	<u>9,996</u>	<u>9,996</u>

22 Reconciliation of movement in shareholders' funds

	2000 £	1999 £
Profit for the financial year	109,137	69,765
Dividends	(110,000)	(65,000)
Decrease in the shareholders' funds	(863)	4,765
Opening shareholders' funds	219,651	214,886
Closing shareholders' funds	<u>218,788</u>	<u>219,651</u>

23 Capital commitments

The company had the following capital commitments:

	2000 £	1999 £
Contracted for but not provided in the financial statements	0	0

HADRIAN LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2000

24 Contingent assets/liabilities

These were as follows:

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

25 Pension scheme

The company operates a defined contribution pension scheme for the benefit of the directors and senior employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £53,539 (1999: £24,929).

26 Post balance sheet events

Testerworld Limited, the company's wholly owned subsidiary was offered for sale in March 2000 and sold in July 2000.

27 Transactions with directors

During the year the company provided a loans to directors as follows:

Mr D M Leak, a director. The outstanding amounts were as follows: beginning of year: £Nil; end of year: £Nil; maximum during the year: £26,502.

Mrs E A Leak, a director. The outstanding amounts were as follows: beginning of year: £Nil; end of year: £Nil; maximum during the year: £18,498.

During the year each director had £881 of horse medicines.

28 Related parties

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

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

(a) Receipts and costs defrayed were recharged on a commercial basis totalling £ 53839.

(b) Purchases of goods amounting to £42652 on a commercial basis.

Details of transactions with other related parties are disclosed in the transactions with directors note.

HADRIAN LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2000

29	Gross cash flows	2000 £	1999 £
	Returns on investments and servicing of finance		
	Interest received	5,176	345
	Interest paid	(6,697)	(7,682)
	Interest element of finance lease rentals payment	(3,076)	(765)
		<u>(4,597)</u>	<u>(8,102)</u>
	Capital expenditure and financial investment		
	Payments to acquire tangible fixed assets	(53,867)	-
	Proceeds from the sale of intangible fixed assets	105,782	-
	Proceeds from the sale of tangible fixed assets	91,218	-
		<u>143,133</u>	<u>-</u>
	Financing		
	Decrease in other bank loans due within one year	(1,350)	(9,561)
	Decrease/Increase in bank loans due in more than one year	(8,240)	8,240
	Capital element of finance lease rentals payments	21,058	(4,125)
		<u>11,468</u>	<u>(5,446)</u>

30	Analysis of changes in net debt	1999 £	Cash flows £	2000 £
	Cash at bank and in hand	39,556	83,600	123,156
	Overdrafts	(84,628)	84,628	-
		<u>(45,072)</u>	<u>168,228</u>	<u>123,156</u>
	Debt due within one year	(1,350)	1,350	-
	Debt due after one year	(8,240)	8,240	-
	Finance leases	(8,594)	(21,058)	(29,652)
		<u>(18,184)</u>	<u>(11,468)</u>	<u>(29,652)</u>
		<u>(63,256)</u>	<u>156,760</u>	<u>93,504</u>