

Company: Herbert 14-2-84

HERBERT FERRYMAN LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 1987

1. The directors present herewith their annual report and the audited accounts for the year ended 31st March 1987.

Results and dividends

2. Details of the results for the financial year are set out in the profit and loss account on page S5. The dividends paid and proposed in respect of the year are set out at note 9 to the accounts.

Principal activities and review of the business

3. The principal activity of the company continued to be that of wholesalers to the pharmaceutical trade from branches located in Southampton and Reading. Both the level of business and year end financial position were satisfactory, and the directors do not envisage any material changes which would adversely affect the forward prospects of the company.

Future developments

4. The company has entered into an agreement, due to be completed on 15th October 1987, whereby the freehold premises at Reading are to be sold at a price approximately equal to the net book value of the property.

In addition, the company expects to enter into a lease agreement, with effect from July 1987, for a replacement modern warehouse in Reading.

Tangible fixed assets

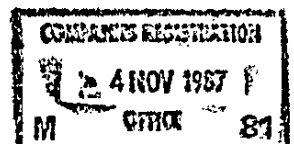
5. The movements in tangible fixed assets are set out in note 10 to the accounts. In the opinion of the directors the market value of the company's land and buildings is in excess of the book value at which these assets are included in the balance sheet by approximately £150,000.

Directors

6. The directors of the company during the year were as follows:

A. W. REVELL
*A. C. ORME
P. E. COX (resigned 10th November 1986)

Directors retiring in accordance with the Articles of Association at the forthcoming Annual General Meeting are indicated above by an asterisk.



REPORT OF THE DIRECTORS (Cont'd.)

Directors' interests in shares

7. According to the register required to be kept by Section 325 of the Companies Act 1985, the notifiable interests of the directors of the company at the year end (which excludes those interests of directors who are also directors of any holding company) in the shares of the ultimate holding company, AAH Holdings plc, were as follows:

Director	Number of Ordinary Shares of 25p each in AAH Holdings plc	
	At 31st March 1987	At 1st April 1986 (or subsequent date of appointment.)
P. E. COX (resigned 10.11.86)	-	3,500

No director had any interest in the issued capital of any other company in the group.

8. The following directors (excluding any directors who are also directors of any holding company) hold options to purchase shares of AAH Holdings plc under the group's option schemes:

Director	Options to purchase Ordinary Shares of 25p each in AAH Holdings plc.	
	At 31st March 1987	At 1st April 1986 (or subsequent date of appointment.)
A. C. ORME	12,065	11,185

Directors' interests in contracts

9. None of the directors had a significant interest in any contract or arrangement to which the company (or a subsidiary) was party during the period.

Employment of disabled persons

10. The company pursues a policy of providing, wherever possible, the same employment opportunities to disabled persons as to others, having regard to the aptitudes and abilities of each applicant. Efforts are made to enable employees who become disabled during employment to continue their careers with the company. Training, career development and promotion of disabled persons is, as far as possible, identical to that of other employees who are not disabled.

REPORT OF THE DIRECTORS (Cont'd.)

Employee involvement

11. The policy of the directors is to encourage the involvement of all employees in the development and performance of the company. The share option schemes provide an opportunity for employees to participate in the future progress of AAH Holdings plc. In particular the savings-related share option scheme is open to all full-time employees with five years or more service and enables shares in AAH Holdings plc to be acquired by regular savings.

Political and charitable contributions.

12. Contributions made by the company during the year for charitable purposes were £1,348.

Close Company

13. The company is not a close company within the provisions of the Income and Corporation Taxes Act 1970, as amended, and there has been no change in this respect since the year end.

Auditors

14. During the year the ultimate holding company, AAH Holdings plc, appointed Coopers and Lybrand to act as auditors of the company.

A resolution to re-appoint Coopers and Lybrand as auditors will be proposed at the Annual General Meeting.

By Order of the Board

Date: 24th July 1987



Town: Southampton

Secretary

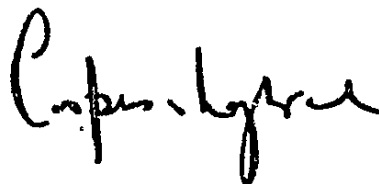
REPORT OF THE AUDITORS TO THE MEMBERS OF
HERBERT FERRYMAN LIMITED

We have audited the accounts set out on pages S5 to S20 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31st March 1987 and of its results for the year then ended and comply with the Companies Act 1985.

The accounts do not include a statement of source and application of funds as required by Statement of Standard Accounting Practice number 10.

Date: 3 August 1987



Town: Southampton

Chartered Accountants

HERBERT FERRYMAN

LIMITED/~~BRANCH~~PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 1987

	Note	19 87	Last year
Turnover		£	£
Cost of sales	2	(33237129 31215895)	(28614083 26732085)
Gross profit/(loss)		2021234	1881998
Selling and distribution costs		(1323824)	(1239507)
Administrative expenses		(299446)	(460216)
Other operating income		130263	5750
Income from investments		1	-
Trading profit/(loss)	2,3	528228	188025
Income from shares in group companies		-	-
Income from shares in related companies		-	-
Net interest (payable)/receivable	6	(231627)	(240454)
Profit/(loss) on ordinary activities before taxation		296601	(52429)
Tax (charge)/credit on results from ordinary activities (companies only)	7	(18265)	9728
Profit/(loss) on ordinary activities after taxation		278336	(42701)
Extraordinary (charges)/income after taxation	8	-	-
Profit/(loss) after taxation and extraordinary items		278336	(42701)
Dividends	9	(139168)	(-)
Transfer to head office account (branches only)		(-)	(-)
Retained profit/(loss) for the year		£ 139168	£(42701)

STATEMENT OF MOVEMENTS ON PROFIT AND LOSS ACCOUNT

Retained profits at 1st April 1986		798825	841526
Retained profit/(loss) for the year		139168	(42701)
Transfer to/(from) profit and loss account	18	-	-
Retained profits at 31st March 1987	18	£ 937993	£ 798825

The notes on pages S7 to S20 form part of these accounts.
Auditors' report page S4

HERBERT FERRYMAN

LIMITED/BRANCH -

BAIANCE SHEET - 31st MARCH 1987

	Note	1987 £	Last year £
FIXED ASSETS			
Tangible Assets	10	855601	851068
Investments in subsidiary companies	11	-	-
Other investments	12	8992	8992
		864593	860060
CURRENT ASSETS			
Stocks	13	2710422	2127293
Debtors	14	4841410	3648485
Short term investments		-	-
Cash at bank and in hand		970	1072
		7552802	5776850
CREDITORS: due within one year			
Bank overdrafts and acceptances		(1368147)	(971716)
Other creditors	15	(5228665)	(3978449)
NET CURRENT ASSETS		955990	826685
TOTAL ASSETS LESS CURRENT LIABILITIES		1820583	1686745
CREDITORS: due after more than one year	15	(-)	(-)
PROVISIONS FOR LIABILITIES AND CHARGES: deferred taxation	16	(53050)	(58380)
		£ 1767533	£ 1628365
CAPITAL AND RESERVES			
Called up share capital	17	645040	645040
Share premium account	18	-	-
Pre-acquisition reserves	18	-	-
Revaluation reserve	18	184500	184500
Profit and loss account	18	937993	798825
Shareholders' Funds		1767533	1628365
Head office account (branches only)		-	-
Regional loans (branches only)		-	-
Interest of outside shareholders		-	-
		£ 1767533	£ 1628365

These accounts were approved by the board on 24th July 1987.

[Signature]) Directors/(Companies only)
[Signature])

The notes on pages S7 to S20 form part of these accounts.
 Auditors' report page S4

HERBERT FERRYMAN LIMITEDNOTES TO THE ACCOUNTS - 31ST MARCH 1987Principal Accounting Policies

The accounts are prepared under the historical cost convention, modified by the revaluation of properties, where appropriate. The principal accounting policies are described below and are consistent with those applied in the previous year.

Turnover

Turnover comprises the sale of goods and services at invoice value, before value added tax.

Stocks and work in progress

Stocks and work in progress are stated at the lower of the latest cost price and net realisable value. Provision is made where necessary for obsolescent, slow moving and defective stocks.

Tangible fixed assets

Freehold and leasehold properties are stated at their last valuation or subsequent cost. The cost of other fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated by reference to the expected lives of the assets concerned.

The following annual depreciation rates are applied on a straight line basis:

Freehold buildings	2%
Kilns on freehold land	-
Leasehold land and buildings:	
Long leasehold	-
Short leasehold	Life of lease
Motor vehicles	20%
Plant and equipment	Varying rates up to 33.33% S.L.

Finance Leases

The capital and interest elements of payments made in respect of Finance Leases are charged to expenditure as incurred.

Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items.

HERBERT FERRYMAN LIMITED

NOTES TO THE ACCOUNTS - 31ST MARCH 1987

Principal Accounting Policies (Cont'd)

Taxation (Cont'd.)

Deferred taxation is provided in full by the liability method unless there is a reasonable probability that such tax will not be payable in the foreseeable future. It represents taxation calculated at the expected rates of corporation tax for the years in which the liabilities are expected to arise.

HERBERT FERRYMAN LIMITED/BRANCH

2 Analysis of turnover and trading profit

Analysis of turnover and trading profit by principal activities:

	19 87		Last year	
	Turnover	Trading Profit	Turnover	Trading Profit
	£	£	£	£
Pharmaceutical supplies	33,231,052	528228	28,605,055	188,025
Fuel Distribution	—	—	—	—
Builders' supplies	—	—	—	—
Transport services	—	—	—	—
Environmental services	—	—	—	—
Miscellaneous	—	—	—	—
Total third party turnover	33,231,052	£ 528228	28,605,055	£ 188,025
Group turnover	6,077		9,028	
Total turnover	£ 33,237,129		£ 28,614,083	

Analysis of third party turnover by geographical location:

	1987	Last year
	£	£
United Kingdom	33,231,052	28,605,055
Rest of Europe	—	—
Rest of the World	—	—
	£ 33,231,052	£ 28,605,055

HERBERT FERRYMAN LIMITED/BRANCH3 Trading profit/(loss).

The trading result is stated after charging/(crediting):

	Note	1987	Last year
		£	£
Depreciation	10	80,031	99,890
Auditors' remuneration and expenses as auditors		12,000	8,000
Hire of plant and equipment - Group		-	-
Third Party		-	-
Operating lease rentals for property		5,000	4,786
Emoluments of directors:	4		
For management		22,363	91,544
As directors		-	57,400
		22,363	148,944
(Profit)/loss on sale of fixed assets		5,552	(13,647)
Net income from rents - Group		(3,750)	(-)
- Third parties		(11,489)	(-)
		(15,239)	(-)
Exceptional items (specify, if any)			
Amounts charged for Finance leases not capitalised.		45,090	45,090

4 Directors' and employees' remuneration

Particulars of directors' emoluments (excluding pension contributions) for the year are:

	1987	Last year
Emoluments of the chairman	£ -	£ -
Emoluments of the highest paid director (if not the chairman)	£21,642	£25,284

The emoluments of the Chairman are paid by the ultimate holding company. His emoluments are disclosed in that company's accounts.

HERBERT FERRYMAN LIMITED/XXXXXX

The following table shows the number of directors, including the above, and UK group employees whose emoluments were within the ranges:

	Directors		Employees	
	1987	Last year	1987	Last year
Not more than £5,000	2	3	-	-
£5,001 to £10,000	-	-	-	-
£10,001 to £15,000	-	-	-	-
£15,001 to £20,000	1	1	-	-
£20,001 to £25,000	-	1	-	-
£25,001 to £30,000	-	1	-	-
£30,001 to £35,000	-	-	-	-

5 Employee information

The average number of persons employed by the company (including executive directors) during the year was as follows:

	1987	Last year
Analysis by function		
Direct operating and production	-	-
Selling and distribution	95	78
Administration	26	45
	121	123
Analysis by principal activity		
Pharmaceutical supplies	121	123
Fuel Distribution	-	-
Builders' supplies	-	-
Transport services	-	-
Environmental services	-	-
Miscellaneous	-	-
	121	123

HERBERT FERRYMAN LIMITED

Employment costs of all employees including executive directors:

	1987	Last year
	£	£
Wages and salaries	775,733	821,057
Social security costs	61,893	65,295
Employer's pension contributions	11,405	44,363
	£ 849,031	£ 930,715

6 Net interest (payable)/receivable

	1987	Last year
	£	£
Interest payable		
Bank overdrafts and acceptance credits	(203,637)	(214,987)
Hire purchase and finance leases	(-)	(-)
Group interest payable	(27,990)	(25,225)
Other interest payable	(-)	(242)
	(231,627)	(240,454)
Interest receivable		
Bank interest	-	-
Group interest receivable	-	-
Other interest receivable	-	-
	-	-
	£ 231,627	£ 240,454

S11.

The bank overdraft and group loan are wholly repayable within five years.

HERBERT FERRYMAN LIMITED/BRANCH7 Tax on ordinary activities (companies only)

The taxation (charge)/ credit on ordinary activities is made up as follows:

	19 87	Last year
	£	£
United Kingdom corporation tax at 35 % (last year nil)	(25,095)	-
Group relief: Current year	-	7,476
Previous years	1,500	-
United Kingdom deferred taxation	5,330	2,252
Overseas taxation	-	-
Overseas deferred taxation	-	-
(Charge)/credit to profit and loss account	£ (18,265)	£ 9,728
The amount charged for United Kingdom taxation is after taking credit for double tax relief amounting to	£ -	£ -

8 Extraordinary items

	19 87	Last year
	£	£
Extraordinary (charges)/income (specify)	-	-
Tax on extraordinary items	-	-
	£ -	£ -

9 Dividends

Dividends are made up as follows:

	19 87	Last year
	£	£
To group companies:		
Ordinary shares		
Interim paid	(-)	(-)
Proposed final	(139168)	(-)
Preference dividend	(-)	(-)
	139168	-
To minority shareholders:		
Interim paid	-	-
Proposed final	-	-
	£ 139168	£ -

HERBERT FERRYMAN LIMITED/BRANCO10 Tangible fixed assets

	Land and buildings			Plant & equipment	Motor vehicles	Total
	Freehold	Long leasehold	Short leasehold			
	£	£	£	£	£	£
COST OR VALUATION						
At 1st April 1986	701346	-	-	195410	199863	1096619
Exchange adjusts	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
New businesses	-	-	-	-	-	-
Additions	-	-	-	50076	44116	94192
Group transfers in	-	-	-	-	24228	24228
Disposals	(-)	(-)	(-)	(-)	(62156)	(62156)
Group transfers out	(-)	(-)	(-)	(-)	(-)	(-)
Revaluation adjustments	-	-	-	-	-	-
At 31st March 1987	701346	-	-	245486	206051	1152883
At cost						
Purchased assets	516846	-	-	245486	206051	968383
Finance leases	-	-	-	-	-	-
At Open market existing use value - 1981	130000	-	-	-	-	130000
1984	54500	-	-	-	-	54500
	701346	-	-	245486	206051	1152883
DEPRECIATION						
At 1st April 1986	20110	-	-	130034	95407	245551
Exchange adjusts	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
New businesses	-	-	-	-	-	-
Charge for year	4676	-	-	35981	39374	80031
Accelerated depreciation	-	-	-	-	-	-
Group transfers in	-	-	-	-	16312	16312
Disposals	(-)	(-)	(-)	(-)	(44612)	(44612)
Group transfers out	(-)	(-)	(-)	(-)	(-)	(-)
Revaluation adjustments	-	-	-	-	-	-
At 31st March 1987	24786	-	-	166015	106481	297282
NET BOOK VALUE						
At 31st March 1987	£676560	£ -	£ -	£ 79471	£ 99570	£855601
Last year	£681236	£ -	£ -	£ 65376	£ 104456	£851068

HERBERT FERRYMAN LIMITED / ~~BRANXXX~~

The historical cost net book value of land and buildings is:

	Freehold	Long leasehold	Short leasehold	Total
At 31st March 1987	£ 492,060	£ -	£ -	£492,060
Last year	£ 496,736	£ -	£ -	£496,736

~~Land and buildings revalued in the year on an open market existing use basis.
Name of valuer and professional qualification.~~

11 Investment in subsidiary companies

Summary of movements in the year:

	Shares at cost	Amounts written off & Prov'ns.	Net book value
	£	£	£
1st April 19 86	100	100	-
Additions at cost	-	-	-
Disposals	(-)	(-)	(-)
Movements in provisions in the year	-	-	-
At 31st March 1987	£ 100	£ 100	£ -

Details of the principal companies are set out below. All companies are incorporated in Great Britain, unless otherwise stated, and operate principally in their country of incorporation. ~~Shares not held directly by the company are marked by an asterisk.~~

<u>Company name</u>	<u>Class and proportion of shares held</u>	<u>Main activities</u>
OTC Supplies Ltd.	ORDINARY 100%	DORMANT

HERBERT FERRYMAN LIMITED/BRANCH12 Other investments

Unlisted Shares at Cost/Book value (delete as appropriate)	Related companies		Other investments	Total
	Shares	Loans		
At 1st April 1986	£ -	£ -	£ 8992	£ 8992
Additions	-	-	-	-
Disposals	(-)	(-)	(-)	(-)
Reserves	-	-	-	-
At 31st March 1987	£ -	£ -	£ 8992	£ 8992

Investments include 7132 shares in Independent Chemists Marketing Ltd. of £1 each, in respect of which only 55p has been called. The potential further call is £3209. In the opinion of the Directors the value of the company's unlisted investments is not less than the amounts at which they are included in the balance sheet. ~~Details of the related companies, all of which are engaged in fuel distribution, are as follows:~~

Company name	Country of incorporation	Class and proportion of Shares held
NOT APPLICABLE		

13 Stocks

	1987		Last year	
	£	£	£	£
Stocks for resale		2710422		2127293
Work in progress:				
Long term contracts	-		-	
Less: progress payments	-		-	
Other work in progress		-		-
Raw materials and other stocks		-		-
Total Stocks		£ 2710422		£ 2127293
The current replacement cost of stocks exceeds the historical cost by approximately		£ -		£ -

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HERBERT FERRYMAN LIMITED/BRANCH14 Debtors:

	19 87	Last year
	£	£
<u>Amounts falling due within one year:</u>		
Owing from group companies:		
Own subsidiaries and their branches		
Holding company, fellow subsidiaries and other branches	2706	13410
 Amounts owing from related companies		
Trade debtors and trade bills receivable	-	-
Group relief receivable/Corporation Tax Receivable	4760344	3581655
Other debtors	8976	14526
Prepayments and accrued income	52108	19482
	17276	19412
	4841410	3648485
 <u>Amounts falling due after more than one year:</u>		
Trade debtors and trade bills receivable	-	-
Other debtors	-	-
Prepayments and accrued income	-	-
Regional loans with branches	-	-
	-	-
	£4841410	£3648485

HERBERT FERRYMAN LIMITED/BRANXX15 Créditors

	Due within one year		Due after more than one year	
	1987	Last year	19 87	Last year
	£	£	£	£
Amounts owed to group companies: Own subsidiaries and their branches Holding companies, fellow subsidiaries and other branches	325453	276916	-	-
Amounts owed to related companies	-	-	-	-
Obligations under hire purchase and finance lease contracts	-	12975	-	-
Payments received on account	-	-	-	-
Trade creditors & Bills payable	4242121	3285827	-	-
Corporation tax including group relief payable	18045	-	-	-
Other taxation including Social Security	165577	124892	-	-
Other creditors	309219	234060	-	-
Accruals and deferred income	29082	43779	-	-
Proposed dividend - group	139168	-	-	-
- minorities	-	-	-	-
	<u>£5228665</u>	<u>£3978449</u>	<u>£ -</u>	<u>£ -</u>

Obligations under hire purchase and finance lease contracts:

	1987			Last year		
	Capital element	Future finance charges	Total future rentals	Capital element	Future finance charges	Total future rentals
	£	£	£	£	£	£
Repayments are due :	-	-	-	-	-	-
Within one year	-	-	-	12975	-	12975
	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>	<u>£ 12975</u>	<u>£ -</u>	<u>£ 12975</u>

The capital and interest elements in respect of finance leases are charged to expenditure as incurred. The company is committed under the terms of finance leases as follows:

	1987			Last year.		
	Capital element	Future finance charges	Total future rentals	Capital element	Future finance charges	Total future rentals
Repayments are due						
In one to four years	15508	701	16569	35601	2030	37643
Within one year	16735	1338	21073	41301	3680	45090
	<u>£35003</u>	<u>£2039</u>	<u>£37642</u>	<u>£77002</u>	<u>£5608</u>	<u>£82733</u>

HERBERT FERRYMAN LIMITED/XXXXXX

16 Deferred taxation (companies only)

Details of the provision made for deferred taxation and of the full potential liability are set out below:

	1987		Last year	
	Total potential liability	Amount provided in the accounts	Total potential liability	Amount provided in the accounts
	£	£	£	£
Accelerated capital allowances	20560	20560	35453	35453
Other timing differences	(2769)	(2769)	(22)	(22)
Revaluation surpluses and deferred capital gains	105038	50000	114930	54930
	122829	67791	150361	90361
Less: Losses and charges	(-)	(-)	(650)	(650)
ACT recoverable	(14741)	(14741)	(31331)	(31331)
	£108088	£53050	£118380	£58380

Movements in the year are as follows:

Provision at 1st April 19 86	58380
Charge/(credit) to profit and loss account (note 7)	(5330)
Extraordinary item (note 8)	-
Other (specify)	-
Provision at 31st March 19 87	£53050

17 Called up share capital

Class of share	Nominal value each	Authorized		Issued and fully paid	
		Number	Value	Number	Value
Ordinary	10p	8,500,000	£850,000	6,450,400	£645,040
Total at 31st March 1987		8,500,000	£850,000	6,450,400	£645,040
Last year		8,500,000	£850,000	6,450,400	£645,040

HERBERT FERRYMAN

LIMITED/BRANCH

18 Reserves

	Pre-acquisition reserves	Post-acquisition Revaluation reserve	Profit and loss account
Balance at 1st April 19 86	£	£ 184500	£ 798825
Retained profit/(loss) for the year		-	139168
Transfer to/(from) profit and loss account		-	-
Goodwill written off		-	-
Surplus on revaluation of fixed assets		-	-
Balance at 31st March 1987	£ 1	£ 184500	£ 937993

19 Contingent liabilities and financial commitments

	19 87	Last year
Guarantee of bank indebtedness		
Own subsidiaries	£ -	£ -
Holding company and fellow subsidiaries	£ -	£ -
Others	£ -	£ -
Indemnities and other contingent liabilities	£ -	£ -
Commitments under forward foreign exchange contracts	£ -	£ -
Commitments under operating lease contracts for the next year, for agreements expiring:		
Over five years from the balance sheet date	-	-
In the second to fifth years inclusive	-	-
During the next year	-	-
Annual amount of rentals payable under leases for land and buildings	£ 5000	£ 5000
Capital expenditure schemes:		
Commitments in respect of contracts approved by the directors in addition to commitments	83200 142300	31650 58250
	£ 225500	£ 89900

⊗ Include for example, lawsuits, uncalled capital, discounted bills receivable and Charges on assets to secure the liabilities of others.

In the opinion of the directors, no loss will arise in connection with any of the above matters.

HERBERT FERRYMAN LIMITED ~~BRANCH~~

20 Ultimate holding company

The ultimate holding company is AAH Holdings plc, which is incorporated in Great Britain.

Auditors' report page S4.

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