

HERBERT FERRYMAN LIMITED

REPORTS AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1986

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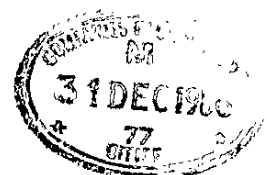
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CONTENTS

Pages

Report of the directors	2
Report of the auditors	3
Profit and loss account	4
Balance sheet	5
Statement of source and application of funds	6
Accounting policies	7
Notes to the accounts	8 - 15
Profit and loss account summaries	16



HERBERT FERRYMAN LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the accounts for the year ended 31 March 1986.

ACTIVITIES

The principal activity of the company continued to be that of wholesalers to the pharmaceutical trade.

BUSINESS REVIEW

A summary of the results of the year's trading is given on page 4 of the accounts.

Turnover showed a small decrease compared with the previous year consequent to the closure of the Portsmouth branch.

RESULTS

Reorganisation costs charged to revenue resulted in a loss for the year, after taxation, of £42,701. The directors recommend that no dividend be paid and that the loss of £42,701 be deducted from reserves.

FIXED ASSETS

In the opinion of the directors the open market value of the freehold and leasehold properties is in the region of £750,000.

CHARITABLE AND POLITICAL CONTRIBUTIONS

During the year the company made charitable contributions totalling £1,132.

DIRECTORS AND DIRECTORS' INTERESTS

The names of the directors who have held office throughout the year are as follows:-

W M Cox (Managing Director) - resigned 31.3.86
P E Cox FCA
L W Parsons MPS - resigned 31.3.86
A C Orme BSc FCMA
A W Revell
R Fielden - resigned 6.9.85

The company is a wholly owned subsidiary of AAM Holdings plc. A W Revell is a director of AAM Holdings plc and his shareholding in that company is disclosed in their accounts.

P E Cox holds 3,500 25p ordinary shares in AAM Holdings plc.

All other directors at the year end held no interests in the shares of the holding company.

AUDITORS

In accordance with Section 384 of the Companies Act 1985 a resolution proposing the reappointment of Lyon Pilcher & Co. as auditors to the company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

Secretary

Southampton

REPORT OF THE AUDITORS
TO THE MEMBERS OF HERBERT FERRYMAN LIMITED

We have audited the accounts on pages 4 to 15 in accordance with approved auditing standards.

In our opinion, the accounts give a true and fair view of the state of the company's affairs at 31 March 1986 and of its loss and source and application of funds for the year then ended and comply with the Companies Act 1985.

Chartered Accountants

Southampton

HERBERT FERRYMAN LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1986

	<u>Notes</u>	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
TURNOVER	1	28,614,083	28,780,994
Cost of sales		26,732,085	26,883,024
GROSS PROFIT		1,881,998	1,897,970
Net operating expenses	2	1,693,973	1,623,903
OPERATING PROFIT	3	188,025	274,067
Other interest receivable and similar income	6	-	12,735
Interest payable	7	(240,454)	(222,330)
(LOSS)/PROFIT on ordinary activities before taxation		(52,429)	64,472
TAXATION	8	(9,728)	5,790
(LOSS)/PROFIT for the year after taxation		(42,701)	58,682
DIVIDENDS	9	-	38,700
RETAINED (LOSS)/PROFIT for the year		£ (42,701)	£ 19,982

STATEMENT OF RETAINED REVENUE RESERVES

Retained revenue reserves at beginning of year		18,982	866,618
Retained (loss)/profit for the year		(42,701)	19,982
Transfer to non distributable reserves		-	(1,000)
Pre-acquisition reserves		-	(866,618)
Retained revenue reserves at end of year	19	£(23,719)	£ 18,982

HERBERT FERRYMAN LIMITED

BALANCE SHEET AT 31 MARCH 1986

	<u>Notes</u>	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
FIXED ASSETS			
Tangible assets	10	851,068	860,207
Investments	11	8,992	8,992
		<u>860,060</u>	<u>869,199</u>
CURRENT ASSETS			
Stock	12	2,127,293	2,015,257
Debtors	13	3,648,485	3,645,293
Cash at bank and in hand		1,072	1,210
		<u>5,776,850</u>	<u>5,661,760</u>
CREDITORS : amounts falling due within one year	14	4,950,165	4,786,286
		<u>826,685</u>	<u>875,474</u>
NET CURRENT ASSETS			
		<u>1,686,745</u>	<u>1,744,673</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS : amounts falling due after more than one year	15	-	12,975
		<u>1,686,745</u>	<u>1,731,698</u>
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	17	58,380	60,632
		<u>£1,628,365</u>	<u>£1,671,066</u>
CAPITAL AND RESERVES			
Called up share capital	18	645,040	645,040
Profit and loss account	19	983,325	1,026,026
		<u>£1,628,365</u>	<u>£1,671,066</u>

The accounts were approved by the
Board of Directors on
and are signed on its behalf by:

Signature
Signature

)
) DIRECTORS
)

HERBERT FERRYMAN LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31 MARCH 1986

	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
SOURCE OF FUNDS		
(Loss)/profit before taxation	(52,429)	64,472
Items not involving the movement of funds:		
Depreciation	99,890	69,652
Profit on sale of fixed assets	(13,647)	(1,709)
	<u>33,814</u>	<u>132,415</u>
FUNDS FROM OTHER SOURCES		
Loan advance	400,000	-
Corporation tax refund	-	23,932
Sale of fixed assets	18,054	11,559
Loans repaid	-	62,500
	<u>451,868</u>	<u>230,406</u>
APPLICATION OF FUNDS		
Dividends paid	-	50,826
Purchase of fixed assets	95,158	75,111
Taxation paid	-	38,368
Loan capital repaid	150,000	538,344
Reduction in hire purchase due after one year	12,975	-
	<u>258,133</u>	<u>702,649</u>
INCREASE/(DECREASE) IN WORKING CAPITAL	<u>£193,735</u>	<u>£(472,243)</u>
APPLIED AS FOLLOWS:-		
Increase/(decrease) in stock	112,036	(19,449)
Decrease in debtors, excluding taxation and group loss relief	(4,284)	(446,388)
(Increase)/decrease in creditors, excluding taxation, dividends and loans	(59,696)	256,085
	<u>(151,944)</u>	<u>(209,752)</u>
Movement in net liquid funds:		
(Decrease)/increase in cash balances	(138)	129
Decrease/(increase) in bank overdraft	345,817	(262,620)
	<u>£193,735</u>	<u>£(472,243)</u>

HERBERT FERRYMAN LIMITED

ACCOUNTING POLICIES

Basis of accounting

The accounts are prepared on the historical cost basis of accounting modified to include the revaluation of certain assets.

Turnover

Turnover represents the value, before trade discounts, of goods invoiced to customers during the year, excluding value added tax.

Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost less depreciation.

Depreciation

Depreciation is calculated to write off the cost of fixed assets in equal annual instalments on the following bases:

Freehold land	Nil
Freehold buildings	2%
Short leasehold property	Over the remaining years of the lease
Plant, machinery and equipment	10%
Motor vehicles	20%
Computer equipment	33 1/3%

Stock

Stock has been valued at the lower of cost and net realisable value.

Investments

Investments are shown at cost.

Deferred taxation

The company provides deferred taxation to take account of timing differences between the treatment of certain items for accounting purposes and their treatment for taxation purposes on the liability method, except to the extent that there is a reasonable probability that no liability will arise in the foreseeable future.

HERBERT FERRYMAN LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1986

1 TURNOVER AND (LOSS)/PROFIT BEFORE TAXATION

Turnover and (loss)/profit on ordinary activities before taxation is derived from the company's principal activity undertaken solely in the United Kingdom.

2 NET OPERATING EXPENSES

	<u>1986</u> £	<u>1985</u> £
Net operating expenses comprise:		
Distribution costs	1,487,127	1,453,017
Other operating charges	212,596	181,511
	<u>1,699,723</u>	<u>1,634,528</u>
Less: Other operating income	5,750	10,625
	<u>£1,693,973</u>	<u>£1,623,903</u>

3 OPERATING PROFIT

Operating profit is stated after charging:

Depreciation of tangible fixed assets	99,890	69,652
Staff costs (note 4)	930,715	869,146
Auditors' remuneration	8,000	15,575
Provision for closure costs of the Portsmouth depot	-	20,000
	<u> </u>	<u> </u>
and after crediting:		
Profit on sale of fixed assets	£ 13,647	£ 1,709
	<u> </u>	<u> </u>

4 STAFF COSTS

Wages and salaries	821,057	757,910
Social security costs	65,295	71,712
Other pension costs	44,363	39,524
	<u>£930,715</u>	<u>£869,146</u>

The average weekly number of employees during the year was as follows:-

Office and management	45	45
Distribution	78	78
	<u>123</u>	<u>123</u>

HERBERT FERRYMAN LIMITED

NOTES TO THE ACCOUNTS (continued)

5 DIRECTORS' REMUNERATION

	<u>1986</u> £	<u>1985</u> £
Included in staff costs are directors' emoluments comprising:		
Emoluments including pension contributions	91,469	85,811
Pension to former director	75	1,375
Compensation for loss of office	57,400	-
	<u>£148,944</u>	<u>£87,186</u>
Highest paid director	<u>£25,284</u>	<u>£29,354</u>
Chairman	<u>£ -</u>	<u>£ -</u>
Number of other directors whose emoluments were within the range:		
£0 - £5,000	3	4
£15,001 - £20,000	1	-
£20,001 - £25,000	1	2
£25,001 - £30,000	1	-
	<u>6</u>	<u>6</u>

6 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

Corporation tax supplement	-	2,275
Loan interest receivable	-	10,460
	<u>£ -</u>	<u>£12,735</u>

7 INTEREST PAYABLE

Bank loans and overdraft	210,441	216,647
Other loans	29,771	5,577
Corporation tax interest	242	106
	<u>£240,454</u>	<u>£222,330</u>

HERBERT FERRYMAN LIMITED

NOTES TO THE ACCOUNTS (continued)

8 TAXATION

	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
The tax charge on the (loss)/profit on ordinary activities for the year was as follows:-		
United Kingdom corporation tax at 40% on the profits for the year	-	2,043
Deferred tax at 35%	(2,252)	4,849
Prior year adjustment	-	(16,330)
Advance corporation tax written off	-	15,228
Group loss relief surrendered	(7,476)	-
	<u>£(9,728)</u>	<u>£ 5,790</u>

9 DIVIDENDS

'A' cumulative participating preference shares:		
Interim - paid	-	2,622
Final - paid	-	1,311
	<u>-</u>	<u>3,933</u>
'B' participating preference shares		
Interim and final - paid	-	24,750
'C' cumulative redeemable preference shares		
	-	10,017
	<u>£ -</u>	<u>£38,700</u>

HERBERT FERRYMAN LIMITED

NOTES TO THE ACCOUNTS (continued)

10. TANGIBLE FIXED ASSETS

	Freehold £	Leasehold £	Plant & equipment £	Motor vehicles £	Computer equipment £	Total £
COST OR VALUATION						
At 1 April 1985	701,346	3,800	88,503	209,072	71,850	1,074,571
Additions	-	-	2,166	58,658	34,334	95,158
Disposals	-	(3,800)	(1,443)	(67,867)	-	(73,110)
At 31 March 1986	701,346	-	89,226	199,863	106,184	1,096,619
DEPRECIATION						
At 1 April 1985	15,434	3,800	44,124	109,096	41,910	214,364
Provision for the year	4,676	-	8,923	50,896	35,395	99,890
Eliminated in respect of disposals	-	(3,800)	(318)	(64,585)	-	(68,703)
At 31 March 1986	20,110	-	52,729	95,407	77,305	245,551
NET BOOK VALUE						
At 31 March 1986	£681,236	£ -	£ 36,497	£104,456	£ 28,879	£ 851,068
At 31 March 1985	£685,912	£ -	£ 44,379	£ 99,976	£ 29,940	£ 860,207
COST OR VALUATION AT 31 MARCH 1986 is represented by:-						
Valuation in 1982	200,000	-	-	-	-	200,000
Valuation in 1984	54,500	-	-	-	-	54,500
Cost	446,846	-	89,226	199,863	106,184	842,119
	£701,346	£ -	£ 89,226	£199,863	£106,184	£1,096,619

FUTURE CAPITAL EXPENDITURE

Contracted for but not provided in these accounts	1986 £	1985 £
	£31,650	Nil
Authorised by the directors but not contracted for	£58,250	Nil

HERBERT FERRYMAN LIMITED

NOTES TO THE ACCOUNTS (continued)

11 INVESTMENTS

	<u>1986</u>	<u>1985</u>
Unlisted investments at cost	<u>£8,992</u>	<u>£8,992</u>

The directors are of the opinion that the unlisted investments have a value not materially different from cost.

12 STOCK

	<u>1986</u>	<u>1985</u>
Pharmaceutical goods for resale	<u>£2,127,293</u>	<u>£2,015,257</u>

13 DEBTORS

	<u>1986</u> £	<u>1985</u> £
Amounts falling due within one year:		
Trade debtors	3,581,655	3,561,902
Amounts due from group companies	20,886	-
Other debtors	1,760	14,223
Prepayments	19,412	33,762
Corporation tax recoverable	7,050	7,050
Deferred revenue expenditure	17,722	28,356
	<u>£3,648,485</u>	<u>£3,645,293</u>

Deferred revenue expenditure represents the exceptional expenditure on computer software incurred in December 1984 which is being written off in 36 equal monthly instalments.

HERBERT FERRYMAN LIMITED

NOTES TO THE ACCOUNTS (continued)

14 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
Trade creditors	3,285,827	3,065,313
Amounts due to group companies	276,916	-
Hire purchase	12,975	29,711
Social Security and other taxes	124,892	92,793
Other creditors	234,060	215,000
Accruals	43,779	64,936
	<u>3,978,449</u>	<u>3,468,753</u>
Bank loans and overdrafts (see note 16)	<u>971,716</u>	<u>1,317,533</u>
	<u>£4,950,165</u>	<u>£4,786,286</u>

15 CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Hire purchase	<u>£ -</u>	<u>£ 12,975</u>
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16 LOANS AND OVERDRAFTS

Falling due within one year		
Bank overdraft	<u>£ 971,716</u>	<u>£1,317,533</u>

HERBERT FERRYMAN LIMITED

NOTES TO THE ACCOUNTS (continued)

17 DEFERRED TAXATION

	Amount provided £	1986 Potential liability £	Amount provided £	1985 Potential liability £
Deferred taxation comprises the tax effect on timing differences arising from:				
General provisions	(5,250)	(5,250)	(6,000)	(6,000)
Deferred revenue expenditure	6,203	6,203	10,744	10,744
Accelerated capital allowances	35,453	35,453	45,666	45,666
Interest payable	(975)	(975)	-	-
Capital gains	54,930	114,930	54,930	114,930
Losses available for future relief	(650)	(650)	(5,998)	(5,998)
Advance corporation tax recoverable	(31,331)	(31,331)	(38,710)	(38,710)
	<u>£ 58,380</u>	<u>£118,380</u>	<u>£ 60,632</u>	<u>£120,632</u>

Deferred tax has been provided at the rate of 35% (1985 - 35%).

18 CALLED UP SHARE CAPITAL

	1986 Authorised £	Allotted, issued and fully paid £	1985 Authorised £	Allotted, issued and fully paid £
Ordinary shares of 10p each	850,000	645,040	200,000	137,640
6% 'A' cumulative participating preference shares of £1 each	-	-	200,000	87,400
11% 'B' cumulative participating convertible preference shares of £1 each	-	-	300,000	300,000
'C' cumulative redeemable preference shares of £1 each	-	-	150,000	120,000
	<u>£850,000</u>	<u>£645,040</u>	<u>£850,000</u>	<u>£645,040</u>

On the 10 September 1985 the 6% 'A' cumulative participating preference shares, the 11% 'B' cumulative participating convertible preference shares and the 'C' cumulative redeemable preference shares were converted into ordinary shares of 10p each.

HERBERT FERRYMAN LIMITED

NOTES TO THE ACCOUNTS (continued)

19 RESERVES

	Non distributable reserves £	Revenue reserves £	Total £
At 1 April 1985	1,007,044	18,982	1,026,026
Loss for the year	-	(42,701)	(42,701)
	<u>£1,007,044</u>	<u>£(23,719)</u>	<u>£ 983,325</u>

20 HOLDING COMPANY

The ultimate holding company is A A H Holdings plc, a company incorporated in the United Kingdom.