



THE BOOTS COMPANY PLC

Registration  
Number  
301618

OPTREX LIMITED  
DIRECTORS' REPORT  
and  
FINANCIAL STATEMENTS  
YEAR ENDED 31ST MARCH 2002



**Registration**  
**No: 301618**

**OPTREX LIMITED**  
**Board of Directors**  
Year ended 31st March 2002

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**Directors**

B Clare  
P Davey  
R L Gardner

**Secretary**

S Fennell

**Registered Office**

1 Thane Road West  
Nottingham, NG2 3AA

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# OPTREX LIMITED

## Directors' Report

Year ended 31st March 2002

The directors present their annual report together with the audited financial statements for the year ended 31st March 2002.

### Principal activities

The company is a wholly owned subsidiary of The Boots Company PLC. It is engaged in the marketing, selling and distribution of branded OTC healthcare products in the UK and export markets. The major brand within the company's portfolio is the Optrex range of eyecare products. Around 90% of sales were to fellow Group companies in 2001/02. Most of the company's products are purchased from fellow subsidiaries. All of the company's activities are carried out on its behalf by fellow subsidiaries at cost.

### Review of the business

Turnover has increased by 25% over 2000/2001. An improved gross margin coupled with ongoing cost control has delivered increased profit for the year. The directors are confident that future turnover and profit will remain satisfactory.

### Profit, dividends and retentions

Details of profit, dividends and retentions are shown in the profit and loss account on page 5.

### Payment of suppliers

The Boots Company PLC is a signatory of the Better Payment Practice Code and Optrex Limited complies with the terms of this code. The company agrees appropriate terms and conditions for its transactions with suppliers (by means ranging from standard written terms to individually negotiated contracts) and that payments should be made in accordance with those terms and conditions, provided that the supplier has also complied with them.

The number of days purchases outstanding at 31st March 2002 was 48 days.

### Directors

The details of directors in office on 31st March 2002 are shown above. There have been the following changes to the board of directors during the year and up to the date of signing the financial statements:-

#### Appointments

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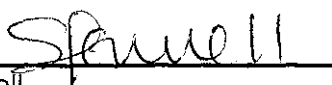
#### Date

17th June 2002

### Remuneration of directors and directors' shareholding

Details of the remuneration and shareholdings of the directors are included in notes 12 and 13 on pages 12 to 14.

By order of the board

  
S Fennell  
Secretary

11 OCT 2002

Date

## **OPTREX LIMITED**

### **Directors' responsibilities statement**

Year ended 31st March 2002

Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing these financial statements, 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 financial statements, and
- prepare the financial statements 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

**OPTREX LIMITED**  
**Independent Auditor's Report**  
Year ended 31st March 2002

**Independent Auditor's Report to the members of Optrex Limited.**

We have audited the financial statements on pages 5 to 15.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

**Basis of audit 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements 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 financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31st March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc  
KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
Birmingham

11 October 2002  
Date

**OPTREX LIMITED**  
**Profit and Loss Account**  
Year ended 31st March 2002

	Notes	2002 £000	2001 £000
<b>Turnover</b>	2	<b>12,782</b>	10,234
Cost of sales		(3,442)	(4,175)
<b>Gross profit</b>		<b>9,340</b>	6,059
Operating costs and other income	3	1	6
<b>Operating profit and profit on ordinary activities before taxation</b>		<b>9,341</b>	6,065
Tax on profit on ordinary activities	4	(2,803)	(1,817)
<b>Profit on ordinary activities after taxation and profit for the financial year</b>		<b>6,538</b>	4,248
Dividends		(7,000)	(10,000)
<b>Retained loss for the financial year</b>		<b>(462)</b>	(5,752)

The result for the year is wholly attributable to the continuing operations of the company.

There is no material difference between the loss as stated above and the loss stated on an unmodified historical cost basis

**OPTREX LIMITED**  
**Reconciliation of Movements in Shareholders' Funds**  
Year ended 31st March 2002

	2002 £000	2001 £000
<b>Loss for the financial year</b>	<b>(462)</b>	<b>(5,752)</b>
<b>Net decrease in shareholders' funds</b>	<u><b>(462)</b></u>	<u><b>(5,752)</b></u>
Opening shareholders' funds	<b>5,212</b>	<b>10,964</b>
<b>Closing shareholders' funds</b>	<u><b>4,750</b></u>	<u><b>5,212</b></u>

**OPTREX LIMITED**

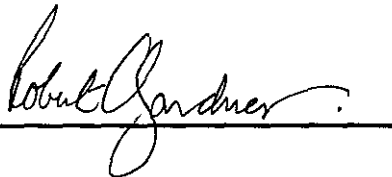
**Balance Sheet**

At 31st March 2002

	Notes	2002 £000	2001 £000
<b>Fixed assets</b>			
Investments	5	<u>1</u>	<u>1</u>
<b>Current assets</b>			
Debtors falling due within one year	6	527	481
Debtors falling due after more than one year	6	<u>22,671</u>	<u>16,379</u>
		<b>23,198</b>	<b>16,860</b>
Creditors: Amounts falling due within one year	7	<b>(8,763)</b>	<b>(11,273)</b>
<b>Net current assets</b>		<u><b>14,435</b></u>	<u><b>5,587</b></u>
<b>Total assets less current liabilities</b>		<b>14,436</b>	<b>5,588</b>
Creditors: Amounts falling due more than one year	8	<b>(9,686)</b>	<b>(376)</b>
<b>Net assets</b>		<u><b>4,750</b></u>	<u><b>5,212</b></u>
<b>Capital and reserves</b>			
Called up share capital	9	<b>362</b>	<b>362</b>
Profit and loss account	10	<b>4,388</b>	<b>4,850</b>
<b>Equity shareholders' funds</b>	11	<u><b>4,750</b></u>	<u><b>5,212</b></u>

The financial statements were approved by the Board of Directors on  
and are signed on its behalf by: *ROBERT GARDNER*

01 OCT 2002



**Director**



**OPTREX LIMITED**  
**Notes to the Financial Statements**  
Year ended 31st March 2002

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**1. Accounting policies**

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The following accounting policies have been used in dealing with items which are considered material in relation to the financial statements.

**Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

During the year, two new Financial Reporting Standards (FRSs) became effective for this year's financial statements: FRS18 'Accounting Policies' and FRS19 'Deferred Tax'. The adoption of FRS 18 and FRS 19 has had no effect on the results for the year nor is any restatement of prior year comparatives required.

A cash flow statement has not been presented in the financial statements of the company as permitted by paragraph 5a of revised Financial Reporting Standard 1.

**Foreign currencies**

Overseas investments are stated at the rate of exchange in force at the date each investment was made. Assets and liabilities in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Profits and losses arising from changes in exchange rates in the normal course of trading are taken to the profit and loss account.

**Turnover**

Turnover comprises sales of consumer products to external customers and other group companies excluding sales taxes.

**Deferred taxation**

Deferred tax is provided in respect of all timing differences that have originated, but not reversed, by the balance sheet date. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date.

No provision is made for any potential liability to corporation tax on capital gains arising on disposals of assets where any liability is expected to be deferred indefinitely

**OPTREX LIMITED**  
**Notes to the Financial Statements**  
Year ended 31st March 2002

<b>2. Turnover</b>	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>

Turnover by geographical destination is as follows:

UK	<b>10,695</b>	7,803
Rest of World	<b>2,087</b>	2,431
	<u><b>12,782</b></u>	<u>10,234</u>

<b>3. Operating costs and other income</b>	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>

Selling and distribution costs	<b>18</b>	27
Administration costs	<b>2</b>	(7)
Other operating income	<b>(21)</b>	(26)
	<u><b>(1)</b></u>	<u>(6)</u>

**Operating profit shown on page 5 is after charging:**

Remuneration of auditors: audit fees	<u><b>5</b></u>	<u>5</u>
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**OPTREX LIMITED**  
**Notes to the Financial Statements**  
Year ended 31st March 2002

4. Tax on profit on ordinary activities	2002 £000	2001 £000
<b>The tax charge on the profit for the year consists of:</b>		
UK corporation tax	2,804	1,817
Adjustments in respect of prior years	-	(2)
Relief for overseas taxation	(1)	2
<b>Total current tax</b>	<u>2,803</u>	<u>1,817</u>
<b>Tax on profit on ordinary activities</b>	<u>2,803</u>	<u>1,817</u>

Adoption of FRS 19 has required a change in method of accounting for deferred tax. The impact on the tax on profit on ordinary activities for 2001 was not material.

**Reconciliation of current tax charge**

The UK standard rate of corporation tax charge for the year is 30.0% (2001 30.0%). The actual tax charge for the current year exceeds (prior year below) the standard rate for the reasons set out in the following reconciliation:

	2002 £000	2001 £000
Profit on ordinary activities before tax	<u>9,341</u>	<u>6,065</u>
UK standard rate of corporation tax at 30%	2,802	1,820
Factors affecting charge for the year:		
Disallowable expenses	1	(1)
Prior year adjustments	-	(2)
<b>Total current tax charge for the year</b>	<u>2,803</u>	<u>1,817</u>

**OPTREX LIMITED**  
**Notes to the Financial Statements**  
Year ended 31st March 2002

5. Investments	Shares in subsidiary undertakings £000
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**Cost**

At 1st April 2001 and at 31st March 2002

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The company owns beneficially the whole of the issued share capital of Optrex (Malaya) Sdn Bhd, a company incorporated in Malaysia, marketing consumer products.

In the opinion of the directors the value of the investments in subsidiary undertakings is not less than the amounts at which they are shown in the financial statements.

Group accounts have not been prepared as permitted by section 228(2) of the Companies Act 1985.

6. Debtors	2002 £000	2001 £000
<b>Falling due within one year:</b>		
Trade debtors	179	144
Amounts owed by group undertakings	339	326
Other debtors	9	11
	<u>527</u>	<u>481</u>
<b>Falling due after more than one year:</b>		
Amounts owed by group undertakings	22,671	16,379
	<u>23,198</u>	<u>16,860</u>

7. Creditors: Amounts falling due within one year	2002 £000	2001 £000
Trade creditors	20	43
Amounts owed to group undertakings	7,172	10,061
Corporation tax	1,569	1,162
Accruals and deferred income	2	7
	<u>8,763</u>	<u>11,273</u>

**OPTREX LIMITED**  
**Notes to the Financial Statements**  
Year ended 31st March 2002

<b>8. Creditors: Amounts falling due after more than one year</b>	<b>2002 £000</b>	<b>2001 £000</b>
Amounts owed to group undertaking	<u>9,686</u>	<u>376</u>

The amounts due to group undertakings are not interest bearing and no specific repayment terms exist.

<b>9. Called up share capital</b>	<b>2002 £000</b>	<b>2001 £000</b>
Authorised, allotted, called up and fully paid: 362,000 (2000: 362,000) Ordinary shares of £1 each	<u>362</u>	<u>362</u>
	<u>362</u>	<u>362</u>

<b>10. Reserves</b>	<b>Profit and loss account £000</b>
As at 1st April 2001	4,850
Loss retained for the year	(462)
<b>As at 31st March 2002</b>	<u><b>4,388</b></u>

<b>11. Shareholders' funds</b>	<b>2002 £000</b>	<b>2001 £000</b>
<b>Equity shareholders' funds:</b>		
Ordinary share capital	362	362
Profit and loss account	4,388	4,850
	<u>4,750</u>	<u>5,212</u>

**12. Directors' remuneration**

No director has received any remuneration for his services to the company during the year (2001: £nil).

**OPTREX LIMITED**  
**Notes to the Financial Statements**  
Year ended 31st March 2002

**13. Directors' shareholdings and share options**

The beneficial interests of the directors, who are not directors of the ultimate holding company, and their families in the share capital of the ultimate holding company at 31st March 2002 are shown below. No director holds any loan capital in the ultimate holding company. The share interests of the directors of the ultimate holding company are included within those group financial statements.

		Ordinary shares under executive and SAYE options						
Ordinary shares 2002	Ordinary Shares 2001	Ordinary shares under options 2002	Average option price 2002	Exercised during the year	Exercise Price	Market price at date of exercise	Granted during the year	Ordinary Shares under options 2001
P Davey	-	22,049	629p	-	-	-	19,345	2,704
R L Gardner	2,411	12,470	599p	-	-	-	9,523	2,947

The market price of the ultimate holding company's shares at 31st March 2002 was 672.5p. The range of market prices during the year was 565p to 694.5p. Prices shown for options exercised during the year represent the weighted average of prices. The average option price for 2002 represents the weighted average price for options outstanding at 31st March 2002.

Under a savings related scheme options may be granted to qualifying employees to subscribe for ordinary shares at approximately 80% of market price.

In previous years certain directors were granted options to subscribe for ordinary shares in The Boots Company PLC under an executive share options scheme. Such options are exercisable up to February 2005 at option prices ranging from 437p to 531p.

Certain directors were granted options to subscribe for ordinary shares in The Boots Company PLC under an executive share options scheme. These options become exercisable 3 years after grant if the performance target is met. Such options are exercisable up to 10 years from grant at option prices of 630p and 594p.

The table on the next page shows the number of shares in The Boots Company PLC (the ultimate holding company) over which certain directors have been granted conditional rights under the Long Term Bonus scheme operated by The Boots Company PLC. Under the Long Term Bonus scheme, at the end of a four year performance cycle, (three years for the schemes commenced in 2002) half the bonus earned is paid in cash and half is converted into an equivalent number of shares. The individual will normally become entitled to receive those shares only after remaining employed for a further three years for all schemes up to and including that which commenced in 1997. For schemes which commenced thereafter, the individual becomes entitled to receive those shares immediately after grant.

**OPTREX LIMITED**  
**Notes to the Financial Statements**  
Year ended 31st March 2002

**13. Directors' shareholdings and share options (continued)**

	Ordinary shares conditional awards				31st March 2001
	31st March 2002	Exercised during the year	Lapsed during the year	Granted during the year	
<b>Long Term Bonus Scheme</b>					
P Davey	7,596	2,342	-	-	9,938
R L Gardner	3,231	-	-	-	3,231

The table below shows the number of shares in The Boots Company PLC (the ultimate holding company) that have been conditionally awarded to certain directors under The Boots Company All Employee Share Ownership Plan 2000. The employee will normally become unconditionally entitled to these shares after remaining employed for three years from the date the award is made.

Conditional entitlement award under the All Employee Share Ownership Plan 2000			
	31st March 2002	Awarded during the year	31st March 2001
P Davey	42	-	42
R L Gardner	42	-	42

As a potential beneficiary, each director is deemed to have an interest in a total of 18,229,074 ordinary shares of the company held by the following employee trusts, namely, Boots ESOP Trust Limited (established to facilitate the operation of the company's executive bonus schemes), Boots (QUEST) Trustee Limited (established in connection with the company's UK all-employee SAYE Share Option Scheme) and Boots Share Plan Trustee Limited (established in connection with The Boots Company's All Employee Share Ownership Plan 2000).

**OPTREX LIMITED**  
**Notes to the Financial Statements**  
Year ended 31st March 2002

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**14. Ultimate Holding Company**

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The company's immediate and the ultimate holding company (which is also the ultimate controlling party) is The Boots Company PLC, a company incorporated in Great Britain and registered in England and Wales. The results of the company are included in the group financial statements of The Boots Company PLC.

Copies of the group financial statements may be obtained from 1 Thane Road West, Nottingham, NG2 3AA.

The company is exempt from disclosing transactions with other group undertakings and investees of the group qualifying as related parties as permitted by paragraph 3 of Financial Reporting Standard 8.