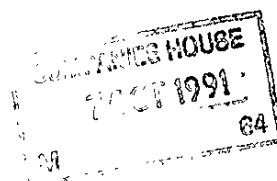


SUPERDRUG STORES PLC
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 FEBRUARY 1991
REGISTRATION NO: 807043



SUPERDRUG STORES PLC

REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 FEBRUARY 1991

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SUPERDRUG STORES PLC

DIRECTORS' REPORT

1

The directors present their report and the financial statements for the period ended 2 February 1991.

PRINCIPAL ACTIVITY

The company trades as a retailer out of stores based in the United Kingdom.

RESULTS, DIVIDENDS AND BUSINESS REVIEW

The profit on ordinary activities before taxation amounted to £25,328,000 and after taxation to £18,411,000. The directors propose a dividend of £15,000,000. The directors propose to transfer the retained profit for the period of £1,803,000 to reserves.

Both the level of business and the period end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

The extraordinary item of £1,608,000 related to the sale of the company's greeting card and bookshop operations, which occurred during the year.

EMPLOYEE INVOLVEMENT

The Board regards employee involvement and effective communication as being essential to foster good employee relations, to achieve improved performance and productivity, to enhance the quality of working life, and to gain commitment to the company's business objectives.

The prime method of communication and involvement throughout the company is the normal day-to-day process of briefing employees through line management.

DISABLED PERSONS

It is the company's policy to give full consideration to the possibility of employing disabled persons wherever suitable opportunities exist. Employees who have become disabled are given every opportunity and assistance to continue in their employment or to be trained for other suitable positions.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the period were:

R. Goldstein	(Resigned 11 May 1990)
P.D. Goldstein	
R.S. Goldstein	(Resigned 31 July 1990)
H. Goldstein	(Resigned 31 May 1990)
A. Chandler	(Appointed 27 April 1990)
G.J. Mulcahy	(Resigned 17 July 1991)
V. Steel	(Resigned 15 March 1991)
P.F. Hutchinson	(Appointed 14 December 1990)
A.J. Stanworth	(Appointed 29 October 1990)
A.F. Smith	(Appointed 28 March 1990)
C. Carter	(Appointed 27 July 1990)
S. Hunt	(Appointed 21 January 1991)
G Brady	(Appointed 27 April 1990)
B G Muirhead	

SUPERDRUG STORES PLC

DIRECTORS' REPORT (Continued)

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DIRECTORS AND THEIR INTERESTS (Continued)

Details of directors' interests are set out in note 16 to the financial statements.

In accordance with the company's Articles of Association, S Hunt, P F Hutchinson, A J Stanworth and G Brady retire by rotation and, being eligible, offer themselves for re-election.

FIXED ASSETS

The movement in the fixed assets of the company is shown in note 6 to the accounts.

CHARITABLE DONATIONS

The company made £22,000 in charitable donations during the period.


TAXATION STATUS

In so far as the directors are aware, the company is not a close company for taxation purposes.

AUDITORS

In accordance with Section 384 of the Companies Act 1985 a resolution to reappoint Coopers & Lybrand Deloitte as auditors to the company will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD


B. MUIRHEAD
Secretary

26 SEPTEMBER 1991

AUDITORS' REPORT
TO THE MEMBERS OF SUPERDRUG STORES PLC

We have audited the financial statements on pages 4 to 14 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 2 February 1991 and of its profit and source and application of funds for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand Deloitte

Chartered Accountants
London

26 September 1991

SUPERDRUG STORES PLC

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 2 FEBRUARY 1991**

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	Notes	2 February 1991	3 February 1990
		£'000	£'000
TURNOVER	1	519,814	452,206
Cost of sales		(395,752)	(347,087)
GROSS PROFIT		124,062	105,119
Selling expenses		(95,751)	(81,051)
Administrative expenses		(6,605)	(4,978)
Other operating income		3,622	1,758
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	25,328	20,848
Taxation	5	(6,917)	(7,789)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		18,411	13,059
EXTRAORDINARY ITEM	11	(1,608)	-
PROFIT FOR THE FINANCIAL PERIOD		16,803	13,059
Dividend paid and proposed		(15,000)	(12,000)
RETAINED PROFIT FOR THE PERIOD	13	1,803	1,059

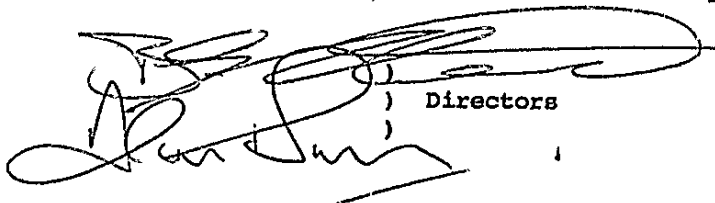
SUPERDRUG STORES PLC

**BALANCE SHEET
AS AT 2 FEBRUARY 1991**

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	Notes	2 February 1991 £'000	3 February 1990 £'000
FIXED ASSETS			
Tangible assets	6	80,573	86,285
Investments	7	10,231	7,118
		90,804	93,403
CURRENT ASSETS			
Debtors	8	8,731	491
CREDITORS: Amounts falling due within one year	9	(90,704)	(82,245)
NET CURRENT ASSETS		(81,973)	(81,754)
TOTAL ASSETS LESS CURRENT LIABILITIES PROVISION FOR LIABILITIES AND CHARGES	10	8,831 (35) 8,796 =====	11,649 (4,571) 7,078 =====
CAPITAL AND RESERVES			
Called up share capital	12	3,551	3,551
Share premium account	13	1,581	1,581
Revaluation reserve	13	553	796
Profit and loss account	13	3,111	1,150
		8,796 =====	7,078 =====

The financial statements on pages 4 to 14 were approved by the Board of Directors on 26 September 1991 and were signed on its behalf by:


Directors



SUPERDRUG STORES PLC

**STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE PERIOD ENDED 2 FEBRUARY 1991**

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	<u>2 February</u> <u>1991</u>		<u>3 February</u> <u>1990</u>	
	£'000	£'000	£'000	£'000
SOURCE OF FUNDS				
Profit before tax and extraordinary items	25,328		20,848	
Extraordinary item	(1,608)		-	
	<u>23,720</u>		<u>20,848</u>	
ADJUSTMENTS FOR ITEMS NOT INVOLVING THE MOVEMENT OF FUNDS:				
Depreciation	10,687		8,665	
Reorganisation Provision	(4,486)		(2,859)	
Loss/(profit) on disposal of fixed assets	1,585		(16)	
TOTAL GENERATED FROM OPERATIONS		<u>31,506</u>		<u>26,638</u>
FUNDS FROM OTHER SOURCES				
Disposals of tangible fixed assets	22,051		2,161	
Movement in amounts owed to group undertakings	4,673		(3,517)	
		<u>26,724</u>		<u>(1,356)</u>
APPLICATION OF FUNDS				
Purchase of tangible fixed assets	(28,696)		(24,217)	
Investments	(3,163)		(64)	
Taxation paid	(7,213)		(7,696)	
Dividends paid	(12,000)		(7,950)	
		<u>(51,072)</u>		<u>(39,927)</u>
		<u>7,158</u>		<u>(14,645)</u>
		=====		=====
INCREASE/(DECREASE) IN WORKING CAPITAL:				
Debtors		8,240		(8,804)
Creditors		(1,082)		(5,841)
		<u>7,158</u>		<u>(14,645)</u>
		=====		=====

SUPERDRUG STORES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 FEBRUARY 1991

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1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with statements of standard accounting practice issued by UK accounting bodies which have been consistently applied. The particular accounting policies adopted are described below:

Accounting convention

The financial statements of the company are prepared under the historical cost convention, modified by the revaluation of certain land and buildings.

Turnover

Turnover represents retail sales excluding value added tax.

Depreciation

Depreciation of fixed assets is provided where it is necessary to reflect a reduction from book value to estimated residual value over the useful life of the asset to the company. It is the company's policy to maintain its properties in a state of good repair, and, in the case of freehold properties, the directors consider that the lives of these properties and their residual values are such that their depreciation is not significant. Accordingly, no depreciation is provided on such freehold properties.

Depreciation of other fixed assets is calculated by the straight line method and the annual rates applicable to the principal categories are:

Freehold property	- nil
Long leasehold	- over remaining period of lease
Short leasehold	- over remaining period of the lease
Tenants improvements	- over estimated useful life
Tenants fixtures	- 15%
Computers and electronic equipment	- 20%
Motor vehicles	- 25%
Trucks	- 20%
Trailers	- 10%

Leased assets

The value of assets held under finance leases is not material and compliance with SSAP 21 in respect of these assets is, therefore, not required.

All lease payments are charged to the profit and loss account in the financial year to which the payment relates.

Capitalisation of interest

Interest incurred on borrowings to finance major property developments is included in the cost of the project.

Fixed asset investments

Fixed asset investments are carried at cost less provision for any permanent diminution in value.

SUPERDRUG STORES PLC

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 FEBRUARY 1991 (Continued)**

1. ACCOUNTING POLICIES (Continued)

Pensions

The company is a member of the Kingfisher Retirement Trust a defined contribution scheme and the Kingfisher Pension Scheme a defined benefits scheme. The assets of these funds are held under trusts which are entirely separate from the group's assets.

The cost of pensions in respect of the group's defined benefit schemes is charged to the profit and loss account so that it is spread over the working lives of employees. Variations to pension costs caused by differences between the assumptions used and actual experience are spread over the working lives of the current employees at each actuarial valuation date.

Deferred taxation

Provision is made for deferred taxation except where the directors consider that it is unlikely to become payable in the foreseeable future.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1991	1990
	£'000	£'000
Profit on ordinary activities before taxation is stated after crediting:		
Rental income	2,866	1,616
	=====	=====
and after charging:		
Auditors' remuneration (including expenses)	67	57
Lease payments:		
Operating leases - land and buildings	37,012	31,145
Depreciation - land and buildings	486	2,153
- plant and equipment	10,201	6,512
	=====	=====
3. EMPLOYEES	1991	1990
	£'000	£'000
Staff costs:		
Wages and salaries	59,677	50,380
Social security costs	4,513	3,726
Other pension costs	709	600
	=====	=====
	64,899	54,706
	=====	=====
	Number	Number
The average number of persons employed by the company during the period was:		
Stores	10,808	10,637
Distribution	577	479
Administration	232	221
	=====	=====
	11,617	11,337
	=====	=====

SUPERDRUG STORES PLC

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 FEBRUARY 1991 (Continued)

4. DIRECTORS

	<u>1991</u>	<u>1990</u>
	£'000	£'000
Staff costs include the following emoluments of directors:		
Other emoluments (including pension contributions)	981	1,210
	=====	=====

During the period three directors have held the office of chairman including the highest paid director. Amounts paid to those directors were as follows:-

	<u>1991</u>	<u>1990</u>
	£'000	£'000
Joint chairman and managing director	197	346
Joint chairman and managing director	144	346
Chairman	Nil	Nil

The number of other directors whose remuneration (excluding pension contributions) during the year, or from the date of their appointment as directors, was within the following bands was:

	<u>1991</u>	<u>1990</u>
£ 0 - £ 5,000	3	3
£ 20,001 - £ 25,000	1	-
£ 30,001 - £ 35,000	1	-
£ 35,001 - £ 40,000	1	1
£ 45,001 - £ 50,000	1	-
£ 70,001 - £ 75,000	1	1
£ 75,001 - £ 80,000	1	-
£ 85,001 - £ 90,000	-	1
£ 90,001 - £ 95,000	-	1
£ 95,001 - £100,000	1	-
£135,001 - £140,000	1	-
£235,001 - £240,000	-	1

SUPERDRUG STORES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 FEBRUARY 1991 (Continued)**

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5. TAXATION

	1991	1990
	£'000	£'000
Tax charge on profit on the ordinary activities of the company for the period:		
UK Corporation tax at 34.167% (1990 - 35%)	6,917	7,789
	=====	=====

6. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
COST OR VALUATION			
At 3 February 1990	20,632	99,620	120,252
Reclassifications	353	(218)	135
Additions	7,187	21,509	28,696
Disposals	(18,324)	(8,148)	(26,472)
	-----	-----	-----
At 2 February 1991	9,848	112,763	122,611
	-----	-----	-----
DEPRECIATION			
At 3 February 1990	(1081)	(32,886)	(33,967)
Reclassifications	(236)	101	(135)
Charge for period	(486)	(10,201)	(10,687)
Disposals	176	2,662	2,838
Inter-Group transfers	(87)	-	(87)
	-----	-----	-----
At 2 February 1991	(1,714)	(40,324)	(42,038)
	-----	-----	-----
NET BOOK VALUES			
At 2 February 1991	8,134	72,439	80,573
	=====	=====	=====
At 3 February 1990	19,551	66,734	86,285
	=====	=====	=====
At valuation	1,725	-	1,725
At cost	8,123	112,763	120,886
	-----	-----	-----
	9,848	112,763	122,611
	-----	-----	-----
Aggregate depreciation	(1,714)	(40,324)	(42,038)
	-----	-----	-----
Net book amount:			
At 2 February 1991	8,134	72,439	80,573
	=====	=====	=====

SUPERDRUG STORES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 FEBRUARY 1991 (Continued)

Land and building may be further
analysed as follows:-

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	Freehold	Long Leasehold	Short Leasehold	Total 1991	Total 1990
	£'000	£'000	£'000	£'000	£'000
Cost or valuation	901	2,631	6,316	9,848	20,632
Aggregate depreciation	(29)	(164)	(1,521)	(1,714)	(1,081)
Net book amount:					
At 2 February 1991	872	2,467	4,795	8,134	
At 3 February 1990	12,055	3,502	3,994		19,551

7. FIXED ASSET INVESTMENTS

	Investments in unquoted companies	Investments in subsidiaries and related companies	Total
	£'000	£'000	£'000
Cost			
At 3 February 1990	-	7,118	7,118
Additions	2,441	672	3,113
At 2 February 1991	2,441	7,790	10,231

The subsidiaries, which are set out below, are all non-trading wholly owned and registered in England and Wales.

Share Drug Stores (Retail) Limited
Share Drug Stores PLC
Tip Top Drugstores PLC
Elgee (Putney) Limited
Branston Bros. Limited
Elgee Drug Stores Limited
Supergirl (Cosmetics) Limited
Superguy Toiletries Limited
Superdrug Stores (Trading) Limited
Bookmania Limited
Superbooks Limited
Medicare Limited
Medicare Properties Limited
Superdrug Books Limited
Discount for Beauty Limited
Pharmacare Limited

SUPERDRUG STORES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 FEBRUARY 1991 (Continued)

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8. DEBTORS

	<u>1991</u>	<u>1990</u>
	£'000	£'000
Amounts falling due within one year:		
Rents paid in advance	5,123	195
Other Prepayments	3,541	296
Other Debtors	67	-
	<u>8,731</u>	<u>491</u>
	=====	=====

9. CREDITORS

	<u>1991</u>	<u>1990</u>
	£'000	£'000
Amounts falling due within one year:		
Accruals & deferred income	4,578	-
Amounts owed to group undertakings	58,724	54,051
Corporation tax	7,079	7,375
Other taxation and social security	1,277	8,819
Proposed dividend	15,000	12,000
Other Creditors	4,046	-
	<u>90,704</u>	<u>82,245</u>
	=====	=====

10. PROVISION FOR LIABILITIES & CHARGES

a) Deferred Taxation

No deferred taxation was provided in the accounts. The potential amount of deferred taxation had full provision been applied is:

	<u>1991</u>	<u>1990</u>
	£'000	£'000
Potential liability:		
Accelerated capital allowances	954	3,439
Chargeable gains on revaluation of properties	194	279
Losses	(185)	-
	<u>963</u>	<u>3,718</u>
	=====	=====

b) Other Provisions

The movement during the period on reorganisation provisions raised upon the acquisition of subsidiary companies was as follows:-

	<u>1991</u>	<u>1990</u>
	£'000	£'000
Balance at the start of the period	4,571	2,220
Raised during the period	-	5,210
Transferred to fellow subsidiary undertakings	(50)	-
Costs written off during the period	(4,486)	(2,859)
	<u>35</u>	<u>4,571</u>
	=====	=====

SUPERDRUG STORES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 FEBRUARY 1991 (continued)**

11. EXTRAORDINARY ITEMS	<u>1991</u> £'000	<u>1990</u> £'000	
Loss on disposal of interests in businesses	1,608 =====	- =====	
12. CALLED UP SHARE CAPITAL	<u>1991</u> £'000	<u>1990</u> £'000	
Authorised:			
45,000,000 Ordinary shares of 10p each	4,500 =====	4,500 =====	
Allotted, called up and fully paid:			
35,510,000 Ordinary shares of 10p each	3,551 =====	3,551 =====	
13. RESERVES	Share premium <u>account</u> £'000	Revaluation <u>reserve</u> £'000	Profit and <u>loss account</u> £'000
Balance at 3 February 1990	1,581	796	1,150
Profit for the period	-	-	1,803
Release of revaluation reserve	-	(158)	158
Realised revaluation surplus	-	(85)	-
	<u>1,581</u> =====	<u>553</u> =====	<u>3,111</u> =====
14. COMMITMENTS	<u>1991</u> £'000	<u>1990</u> £'000	
a) Capital commitments:			
Contracted but not provided	4,230 =====	4,935 =====	
Authorised but not contracted	3,225 =====	13,125 =====	
b) Lease commitments:			Land and <u>buildings</u>
	<u>1991</u> £'000	<u>1990</u> £'000	
The company had annual commitments under non-cancellable operating leases as follows:			
Expiring within one year	11	205	
Expiring between two and five years	139	2,358	
Expiring in five years or more	37,025 =====	32,694 =====	
	<u>37,175</u> =====	<u>35,257</u> =====	

SUPERDRUG STORES PLC

NOTES TO THE FINANCE STATEMENTS
FOR THE PERIOD ENDED 2 FEBRUARY 1991 (Continued)

14

15. PENSIONS

During the period the company made pension provisions in respect of its employees, either through the Kingfisher Pension scheme, a defined benefits scheme or the Kingfisher Retirement Trust, a defined contribution scheme. Full particulars of the group schemes can be found in the financial statements of the ultimate parent undertaking, Kingfisher PLC.

16. DIRECTORS' INTERESTS IN SHARES AND LOAN STOCK

Messrs. P.D. Goldstein and G. Mulcahy are directors of Kingfisher PLC, and their interests in the shares of Kingfisher PLC are disclosed in the financial statements of that company.

Of the other directors, those who held office at 2 February 1991 had the following interests in shares and options of Kingfisher plc.

	Ordinary shares of 25p each		Options for ordinary shares of 25p each	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
G Brady	-	-	98,702	98,702
B G Muirhead	-	-	74,468	-
P F Hutchinson	-	-	-	-
A J Stanworth	-	-	75,235	-
A F Smith	-	-	106,382	-
C Carter	-	-	80,887	60,511
S Hunt	3,679	3,679	42,348	42,348
A Chandler	-	-	12,000	103,248

17. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Kingfisher PLC, a company registered in England and Wales.