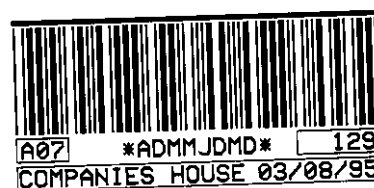


SUPERDRUG STORES PLC
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 JANUARY 1995
REGISTERED NO: 807043



SUPERDRUG STORES PLC

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 JANUARY 1995

PAGE

CONTENTS

Directors' Report	1 - 2
Statement of Directors' responsibilities	3
Auditors' Report	4
Profit and Loss Account	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Financial Statements	8 - 18

DIRECTORS' REPORT

The directors present their report and the financial statements for the 52 weeks ended 28 January 1995.

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 £18,223,000 and after taxation to £7,343,000. The directors propose a dividend of £12,500,000. The directors propose to transfer the loss for the period of £5,157,000 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.

During the course of the year the company had an agreement with another group company for the provision of purchasing, stockholding and other services. This agreement was terminated after the close of business on the balance sheet date.

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' REPORT

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year were:

G C Steele	(appointed 19/8/94 Chairman)
C Ash	(appointed 15/4/94)
G Brady	(resigned 20/5/94)
C J Carter	(resigned 31/3/94)
C Cobain	
P D Goldstein	
J H Howard	
S Hunt	
R E Jones	
K McCarten	(resigned 17/2/95)
S Round	
C Woodhouse	

Details of directors' interests in the share capital of Kingfisher plc are set out in note 19 to the financial statements.

FIXED ASSETS

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

CHARITABLE DONATIONS

The company made £15,452 in charitable donations during the period.

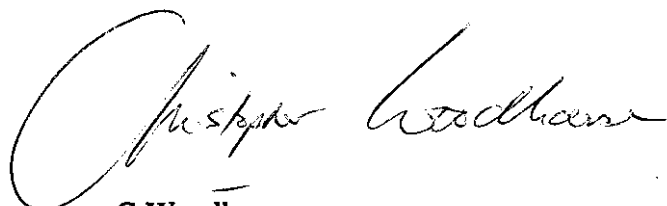
TAXATION STATUS

The Company is not a Close Company within the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

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

By Order of the Board



**C Woodhouse
Company Secretary**

14 July 1995

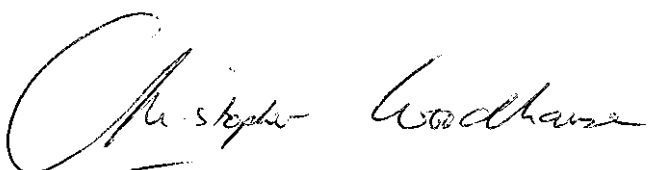
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the 52 weeks ended 28 January 1995. The directors also confirm that applicable accounting standards have been followed and the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the board

A handwritten signature in dark ink, appearing to read 'C Woodhouse', is written over a horizontal line.

C Woodhouse

Company Secretary

14 July 1995

SUPERDRUG STORES PLC

REPORT OF THE AUDITORS TO THE MEMBERS OF SUPERDRUG STORES PLC

We have audited the financial statements on pages 5 to 18.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

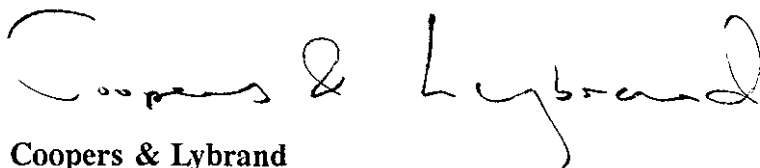
Basis of opinion

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 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 at 28 January 1995 and of the profit and cash flows for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
London

14 July 1995

SUPERDRUG STORES PLC**PROFIT AND LOSS ACCOUNT**

	<u>Notes</u>	Year to 28 January 1995	Year to 29 January 1994
		<u>£'000</u>	<u>£'000</u>
TURNOVER	1	619,990	616,900
Cost of sales		<u>(469,958)</u>	<u>(479,600)</u>
GROSS PROFIT		150,032	137,300
Selling expenses		(117,968)	(113,349)
Administrative expenses		(10,460)	(9,080)
Other operating income		<u>2,216</u>	<u>2,247</u>
OPERATING PROFIT		23,820	17,118
Amounts written off investments	7	<u>(5,946)</u>	-
Interest Receivable and similar income		<u>349</u>	<u>125</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	18,223	17,243
Taxation	5	<u>(10,880)</u>	<u>(3,353)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		7,343	13,890
Dividend proposed		<u>(12,500)</u>	<u>(9,000)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	12	<u>(5,157)</u>	<u>4,890</u>

All operations are continuing.

The company has no recognised gains and losses other than the (losses)/profits above and therefore no separate statement of total recognised gains and losses has been presented.

The difference between the profit on ordinary activities before taxation and the retained (loss)/profit for the year stated above, and their historical cost equivalents is immaterial.

SUPERDRUG STORES PLC

BALANCE SHEET

	<u>Notes</u>		<u>28 January 1995</u>		<u>29 January 1994</u>
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	6	95,292		95,652	
Investments	7	-		3,610	
			95,292		99,262
CURRENT ASSETS					
Stock - goods for resale		69,062		-	
Debtors	8	42,425		10,399	
Cash		17,102		-	
			128,589		10,399
CREDITORS:					
Amounts falling due within one year	9		(207,280)		(89,595)
NET CURRENT LIABILITIES			(78,691)		(79,196)
TOTAL ASSETS LESS CURRENT LIABILITIES			16,601		20,066
PROVISION FOR LIABILITIES AND CHARGES	10		(2,051)		-
			14,550		20,066
CAPITAL AND RESERVES					
Called up share capital	11		3,551		3,551
Share premium account	12		1,581		1,581
Revaluation reserve	12		250		293
Profit and loss account	12		9,168		14,641
EQUITY SHAREHOLDERS' FUNDS	13		14,550		20,066

The financial statements on pages 5 to 18 were approved by the Board of Directors on 14 July 1995 and were signed on its behalf by:

Directors:

G C Steele

G.C. Steele

C Woodhouse

Christopher Woodhouse

SUPERDRUG STORES PLC**CASH FLOW STATEMENT**

	<u>Notes</u>		Year to 28-January 1995		Year to 29 January 1994
		£'000	£'000	£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	15		32,867		45,994
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Dividends Paid		-		(15,000)	
Interest Received		349		125	
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			349		(14,875)
TAXATION					
Corporation Tax Paid		(6,349)		(9,934)	
TAXATION PAID			(6,349)		(9,934)
INVESTING ACTIVITIES					
Purchase of tangible fixed assets		(15,850)		(21,451)	
Sale of tangible fixed assets		786		266	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(15,064)		(21,185)	
NET CASH OUTFLOW BEFORE FINANCING			(15,064)		(21,185)
INCREASE IN CASH & CASH EQUIVALENTS	17		11,803		-

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable 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.

Stock

Stock is stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Turnover

Turnover represents retail sales excluding value added tax, which is generated in the UK.

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 Group. It is the Group's policy to maintain its properties in a state of good repair to prolong their useful lives. The directors consider that, in the case of freehold and long leasehold properties, the estimated residual values at the end of their useful economic lives, based on the prices prevailing at the time of acquisition or subsequent valuation, are not materially different from their current carrying values. The lives of these properties and their residual values are such that no provision for depreciation is considered necessary.

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 lease
Tenants improvements	- less than £15,000 over 5 years, more than £15,000 over life of lease
Tenants fixtures	- 10%
Computers and electronic equipment	- 20%
Motor vehicles	- 25%
Trucks	- 20%
Trailers	- 10%

1 ACCOUNTING POLICIES (continued)

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.

Fixed asset investments

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

Goodwill

Goodwill on acquisitions represents the excess of the fair value of the consideration given over the fair value of the identifiable assets acquired, and is written off immediately to reserves.

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 benefits scheme 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.

Consolidated accounts

The company does not produce consolidated accounts as it is a wholly owned subsidiary of a company registered in England and Wales.

SUPERDRUG STORES PLC**NOTES TO THE FINANCIAL STATEMENTS**

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1995	1994
		£'000	£'000
Profit on ordinary activities before taxation is stated after crediting:			
Rental income		3,425	3,162
and after charging:			
Auditors' remuneration (including expenses)			
- for audit work		68	65
- for non-audit work		6	7
Operating leases - land and buildings		49,811	48,753
- plant and equipment		159	178
Loss on disposal of fixed assets		1,215	915
Depreciation - land and buildings		327	350
- plant and equipment		13,889	11,751
3 EMPLOYEES		1995	1994
		£'000	£'000
Staff costs		71,197	69,373
Social security costs		4,359	4,554
Other pension costs		1,369	330
		76,925	74,257
The average number of persons employed by the company during the period was:		1995	1994
		Number	Number
Stores		11,690	13,029
Distribution		497	519
Administration		297	301
		12,484	13,849

NOTES TO THE FINANCIAL STATEMENTS

4 DIRECTORS

	1995	1994
	£'000	£'000
Directors' remuneration was as follows:		
Fees as director	1,460	818
Other emoluments (including pension contributions)	78	91
	<u>1,538</u>	<u>909</u>
The aggregate chairmen's emoluments who were also the highest paid director (excluding pension contributions)	<u>299</u>	<u>171</u>
Chairman's emoluments from 30/1/94 to 19/8/94	£162,800	
Chairman's emoluments from 20/8/94 to 28/1/95	£135,828	

The number of directors whose remuneration (excluding pension contributions) during the year fell within the following bands was:

	1995	1994
£10,001 - £15,000	1	-
£15,001 - £20,000	1	1
£20,001 - £25,000	1	-
£25,001 - £30,000	-	1
£30,001 - £35,000	-	1
£40,001 - £45,000	-	1
£50,001 - £55,000	-	1
£55,001 - £60,000	-	1
£65,001 - £70,000	-	1
£95,001 - £100,000	-	1
£100,001 - £105,000	-	1
£105,001 - £110,000	-	1
£115,001 - £120,000	1	-
£130,001 - £135,000	1	1
£135,001 - £140,000	2	-
£145,001 - £150,000	2	-
£165,001 - £170,000	1	-
£170,001 - £175,000	-	1
£195,001 - £200,000	1	-
£290,001 - £295,000	1	-

SUPERDRUG STORES PLC**NOTES TO THE FINANCIAL STATEMENTS****5 TAXATION**

	1995	1994
	£'000	£'000
Tax charge on profit on the ordinary activities of the company for the period:		
UK Corporation tax at 33% (1994 - 33%)	8,829	4,965
Deferred Tax Provision	2,051	-
Over provision in respect of prior years	-	(1,612)
	<u>10,880</u>	<u>3,353</u>

6 TANGIBLE FIXED ASSETS

	Land and buildings	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000
COST OR VALUATION			
At 30 January 1994	9,452	154,460	163,912
Additions	72	15,778	15,850
Disposals	(194)	(6,097)	(6,291)
At 28 January 1995	<u>9,330</u>	<u>164,141</u>	<u>173,471</u>
DEPRECIATION			
At 30 January 1994	(2,454)	(65,806)	(68,260)
Charge for period	(327)	(13,889)	(14,216)
Disposals	138	4,159	4,297
At 28 January 1995	<u>(2,643)</u>	<u>(75,536)</u>	<u>(78,179)</u>
NET BOOK VALUE			
At 28 January 1995	<u>6,687</u>	<u>88,605</u>	<u>95,292</u>
At 29 January 1994	<u>6,998</u>	<u>88,654</u>	<u>95,652</u>
 At valuation	 549	 -	 549
At cost	<u>8,781</u>	<u>164,141</u>	<u>172,922</u>
	<u>9,330</u>	<u>164,141</u>	<u>173,471</u>

SUPERDRUG STORES PLCNOTES TO THE FINANCIAL STATEMENTS

Land and buildings may be further analysed as follows:-

	Freehold	Long leasehold	Short leasehold	Total 1995	Total 1994
	£'000	£'000	£'000	£'000	£'000
Cost or valuation	824	3,089	5,417	9,330	9,452
Aggregate depreciation	(29)	(329)	(2,285)	(2,643)	(2,454)
Net book value:					
At 28 January 1995	795	2,760	3,132	6,687	
At 29 January 1994	795	2,734	3,469		6,998

7 FIXED ASSET INVESTMENTS

	Investments in subsidiaries and related companies 1995
	£'000
Cost or valuation	3,610
At 30 January 1994	(110)
Liquidation of subsidiary	(3,500)
Amounts written off investments	-
At 28 January 1995	

Fixed asset investments have been written down to nil to reflect the underlying value of the non-trading subsidiaries. In addition intercompany balances of £2,446,000 have been written off as irrecoverable bringing the total investments written off in the year to £5,946,000 (£ nil 1994).

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

	<u>Description of Shares held</u>
Share Drug Stores plc	Ordinary 10p shares
Tip Top Drugstores plc	Ordinary 10p shares
Medicare Limited	Ordinary £1 shares
Medicare Properties Limited	Ordinary £1 shares

SUPERDRUG STORES PLC**NOTES TO THE FINANCIAL STATEMENTS**

8 DEBTORS	1995	1994
	£'000	£'000
Amounts falling due within one year:		
Amounts owed by parent company and fellow subsidiary undertakings	26,767	-
Rents paid in advance	8,211	6,891
Other debtors	3,196	388
Other prepayments	4,251	3,120
	<u>42,425</u>	<u>10,399</u>

9 CREDITORS	1995	1994
	£'000	Restated £'000
Amounts falling due within one year:		
Bank	5,299	-
Merchandise Creditors	53,006	-
Amounts owed to parent company	98,212	64,990
Amounts owed to subsidiary undertakings	-	3,610
Corporation tax	6,995	1,741
Other taxation and social security	12,573	1,425
Other creditors	8,575	4,444
Accruals & deferred income	10,120	4,385
Proposed dividend	12,500	9,000
	<u>207,280</u>	<u>89,595</u>

10 PROVISION FOR LIABILITIES & CHARGES

	1995	1994
	£'000	£'000
Deferred taxation provided on accelerated capital allowances	<u>2,051</u>	<u>-</u>

The potential amount of deferred taxation had full provision been applied is:

	1995	1994
	£'000	£'000
Potential liability:		
Accelerated capital allowances	4,040	4,018
Deferred expenditure	14	41
Interest payable	2	1
	<u>4,056</u>	<u>4,060</u>

SUPERDRUG STORES PLCNOTES TO THE FINANCIAL STATEMENTS

11 CALLED UP SHARE CAPITAL	1995	1994
	£'000	£'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

12 RESERVES	Share premium account	Revaluation reserve	Profit and loss account
	£'000	£'000	£'000
Balance at 30 January 1994	1,581	293	14,641
Retained loss for the year	-	-	(5,157)
Transfer from revaluation reserve to profit and loss account	-	(36)	36
Goodwill written off		-	(359)
Realised revaluation surplus	-	(7)	7
Balance at 28 January 1995	1,581	250	9,168

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995	1994
	£'000	£'000
(Loss)\Profit for the financial year	(5,157)	4,890
Goodwill written off	(359)	-
Net (reduction)\addition to shareholders' funds	(5,516)	4,890
Opening shareholders' funds	20,066	15,176
Closing shareholders' funds	14,550	20,066

SUPERDRUG STORES PLC

NOTES TO THE FINANCIAL STATEMENTS

14	COMMITMENTS	1995 £'000	1994 £'000
a)	Capital commitments:		
	Contracted but not provided	937	7,518
	Authorised but not contracted	1,995	852

b) Lease commitments:

The company had annual commitments under non-cancellable operating leases as follows:-

	<u>Land and Buildings</u>		<u>Other</u>	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Expiring within one year	325	479	25	-
Expiring between two and five years	1,674	1,757	105	178
Expiring in five years or more	44,172	43,694	-	-
	<u>46,171</u>	<u>45,930</u>	<u>130</u>	<u>178</u>

15 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	28 January 1995 £'000	29 January 1994 £'000
Operating Profit	23,820	17,118
Revaluation charge	(43)	-
Depreciation Charges	14,216	12,101
Loss on Disposal	1,215	915
Increase in Stock	(69,062)	-
Increase in Debtors	(32,026)	(1,007)
Increase in Creditors	<u>94,747</u>	<u>16,867</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>32,867</u>	<u>45,994</u>

NOTES TO THE FINANCIAL STATEMENTS

16 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR	1995 £'000	1994 £'000
At 30 January 1994	-	-
Net Cash inflow	11,803	-
At 28 January 1995	11,803	-

17 ANALYSIS OF CASH AND CASH EQUIVALENTS	1995 £'000	1994 £'000	Change in year £'000
Cash at bank and in hand	17,102	-	17,102
Bank loans and overdrafts	(5,299)	-	(5,299)
	11,803	-	11,803

18 PENSIONS

During the period the company made pension provisions in respect of its employees, through the Kingfisher Retirement Trust, a defined contribution scheme. On the advice of the actuary, contributions to the Kingfisher Pension Scheme, a defined benefits scheme, were made at a reduced level during the year. Full particulars of the group schemes can be found in the financial statements of the ultimate parent undertaking, Kingfisher plc.

19 DIRECTORS' INTERESTS

The interest of the directors in the Shares of Kingfisher plc at 28 January 1995, together with their interests at 29 January 1994 were:

	<u>Ordinary shares of 25p each</u>	
	1995	1994
C.Ash	-	-
G Brady	-	-
C Cobain	-	-
P D Goldstein	4,000,000	4,000,000
J H Howard	17,452	17,452
S Hunt	8,215	7,467
R E Jones	69,404	67,357
K McCarten	-	-
S Round	684	684
G Steele	-	-
C Woodhouse	-	-

NOTES TO THE FINANCIAL STATEMENTS

The interest of the directors in the Share options of Kingfisher plc at 28 January 1995, together with their interests at 29 January 1994 and movements in the year were:

	<u>Ordinary shares of</u> <u>25p each</u>		<u>Options for ordinary shares of 25p each</u>			
	29 Jan 1994	Granted	Exercised	28 Jan 1995	Exercise Price	Weighted Average Option Price
C.Ash	27,231	20,797	18,749	29,279	£4.40	£5.77
G Brady	13,591	20,797	-	34,388		£5.77
C Cobain	31,690	35,403	-	67,093		£4.99
P D Goldstein	-	-	-	-		-
J H Howard	18,287	14,731	-	33,018		£5.77
S Hunt	42,440	16,491	748	58,183	£2.405	£5.76
R E Jones	1,496	34,662	1,496	34,662	£2.405	£5.77
K McCarten	-	52,335	-	52,335		£5.31
S Round	33,824	12,131	-	45,955		£5.77
G Steele	-	48,897	-	48,897		£4.76
C Woodhouse	37,886	13,864	29,828	21,922	£4.40	£5.77

The market price of shares at 28 January 1995 was £4.08 and the range during the year was £3.89 to £6.89. At the year end the exercise price of all the directors' share options exceeded the market price. Full details of share options are given in the Register of Directors' Interests.

20 ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Kingfisher plc, a company registered in England and Wales. Copies of the financial statements of the ultimate parent undertaking can be obtained from The Secretary, Kingfisher plc, North West House, 119 Marylebone Road, London NW1 5PX.