



THE BOOTS COMPANY

Registration
Number
01024575

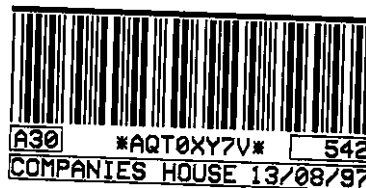
A G STANLEY HOLDINGS PLC

DIRECTORS' REPORT

and

FINANCIAL STATEMENTS

29TH MARCH 1997



A G STANLEY HOLDINGS PLC
Directors' Report
52 weeks ended 29th March 1997

Directors

J A Cohen
D A R Thompson

Secretary

S Fennell

Registered office

1, Thane Road West
Nottingham, NG2 3AA.

The Directors present their annual report together with the audited financial statements for the 52 weeks ended 29th March 1997 (1996 : 52 weeks ended 30th March 1996).

Principal activities

The company is a holding company. The principal activity of its trading subsidiary is the retailing of decorating materials and home fashion products.

Review of business

The company has provided against amounts due from a subsidiary undertaking during the year.

Results and dividends

Details of the results for the period are shown in the profit and loss account on page 4. The Directors do not recommend the payment of a dividend (1996: £Nil).

Fixed assets

Details of fixed asset investments are given in note 3 to the financial statements.

Directors

The details of directors in office on 29th March 1997 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.

<u>Appointment</u>	<u>Date</u>
J A Cohen	29th November 1996
<u>Resignation</u>	<u>Date</u>
J D Wykes	29th November 1996

Remuneration of directors and directors' shareholding

Details of the remuneration and shareholdings of the directors are included in notes 9 and 10 on pages 10 to 11.

A G STANLEY HOLDINGS PLC
Directors' Report
52 weeks ended 29th March 1997


Auditors

On 8th January 1997 KPMG resigned as auditors of the company. In accordance with section 394 Companies Act 1985, KPMG submitted a statement that there were no circumstances connected with their ceasing to hold office that they considered should be brought to the attention of the members or creditors of the company. KPMG Audit Plc were appointed as auditors with effect from 17th January 1997.

By order of the board.



S Fennell
Secretary


Date

A G STANLEY HOLDINGS PLC
52 weeks ended 29th March 1997

Directors' responsibilities statement

The directors are required by the Companies Act 1985 to prepare financial statements which give a true and fair view of the profit or loss for the financial year and of the state of affairs of the company at the end of that period. The directors are of the opinion that suitable accounting policies have been used and applied consistently, applicable accounting standards have been followed, and reasonable and prudent judgements and estimates have been made. The financial statements have been prepared on a going concern basis. The directors have a responsibility to ensure that the company has suitable internal controls for maintaining adequate accounting records, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

Auditors' report

Report of the Auditors to the members of A G Stanley Holdings PLC.
We have audited the financial statements on pages 4 to 12.

Respective responsibilities of directors and auditors

As described above, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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 as at 29th March 1997 and of its loss for the 52 weeks 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

17 July 1997

Date

A G STANLEY HOLDINGS PLC
Profit and Loss Account
52 weeks ended 29th March 1997

	Notes	1997 £000s	1996 £000s
Loss on liquidation of subsidiaries		-	(14)
Provision against amounts due from subsidiary undertaking		(7,879)	(5,831)
Provision against value of fixed asset investment		-	(286)
Loss on ordinary activities before interest		(7,879)	(6,131)
Dividends receivable		-	68
Loss on ordinary activities before taxation		(7,879)	(6,063)
Tax on loss on ordinary activities	2	-	(1)
Retained loss for the financial year	8	(7,879)	(6,064)

The results for both periods are wholly attributable to the continuing operations of the company and there have been no recognised gains or losses other than the loss for the financial year as stated above.

There are no material differences between the loss as stated above and the loss stated on an unmodified historical cost basis.

A G STANLEY HOLDINGS PLC
Reconciliation of Movements in Shareholders' Funds
52 weeks ended 29th March 1997

	1997 £000s	1996 £000s
Total recognised gains and losses for the financial year	<u>(7,879)</u>	<u>(6,064)</u>
Net decrease in shareholders' funds	(7,879)	(6,064)
Opening shareholders' funds	<u>(15,010)</u>	<u>(8,946)</u>
Closing shareholders' funds	<u>(22,889)</u>	<u>(15,010)</u>

A G STANLEY HOLDINGS PLC

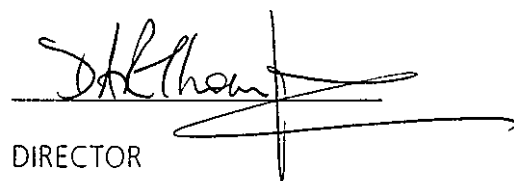
Balance Sheet

29th March 1997

	Notes	1997 £000s	1996 £000s
Fixed assets			
Investments	3	11,876	11,876
Current assets			
Debtors falling due after more than one year	4	26,844	35,903
Creditors : Amounts falling due within one year	5	-	(45)
Net current assets		<u>26,844</u>	<u>35,858</u>
Total assets less current liabilities		<u>38,720</u>	<u>47,734</u>
Creditors: Amounts falling due after more than one year	6	(61,609)	(62,744)
Net liabilities		<u>(22,889)</u>	<u>(15,010)</u>
Capital and reserves			
Called up share capital	7	2,294	2,294
Share premium account	8	7,867	7,867
Special capital reserve	8	364	364
Profit and loss account	8	(33,414)	(25,535)
Equity Shareholders' funds		<u>(22,889)</u>	<u>(15,010)</u>

The financial statements were approved by the Board of Directors on
and are signed on its behalf by: D A R Thompson

17th July 1997


DIRECTOR

A G STANLEY HOLDINGS PLC
Notes to the Financial Statements
52 weeks ended 29th March 1997

1. Accounting policies

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 in accordance with applicable accounting standards and under the historical cost convention.

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.

Deferred taxation

A deferred tax provision is made only where the effects of timing differences between profits as stated in the financial statements and as computed for tax purposes are likely to reverse in the foreseeable future.

2. Tax on loss on ordinary activities

	1997 £000s	1996 £000s
Corporation tax adjustment in respect of prior years	-	(1)

A G STANLEY HOLDINGS PLC
Notes to the Financial Statements
52 weeks ended 29th March 1997

3. Investments	Shares in subsidiary undertakings £000s
Cost	
At 30th March 1996 and 29th March 1997	18,542
Provision	
At 30th March 1996 and 29th March 1997	6,666
Net book value at 29th March 1997	<u>11,876</u>

The company's only trading subsidiary undertaking is A G Stanley Limited, a company incorporated in Great Britain and registered in England and Wales, all of whose issued share capital is owned by A G Stanley Holdings PLC. A G Stanley Limited is engaged in the retailing of decorating materials and home fashion products.

In the opinion of the directors the value of the investment in subsidiary undertakings is not less than the amount shown above.

Group financial statements have not been prepared as permitted in Section 228 (2) of the Companies Act 1985.

A G STANLEY HOLDINGS PLC
Notes to the Financial Statements
52 weeks ended 29th March 1997

4. Debtors	1997 £000s	1996 £000s
Falling due after more than one year:		
Owed by parent and fellow subsidiary undertakings	15,192	15,192
Owed by subsidiary undertakings	11,652	20,711
	<u>26,844</u>	<u>35,903</u>
5. Creditors: Amounts falling due within one year	1997 £000s	1996 £000s
Corporation tax	<u>-</u>	<u>45</u>
6. Creditors: Amounts falling due after more than one year	1997 £000s	1996 £000s
Amounts owed to subsidiary undertakings	3,997	5,190
Amounts owed to parent and fellow subsidiary undertakings	57,612	57,554
	<u>61,609</u>	<u>62,744</u>

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

A G STANLEY HOLDINGS PLC
Notes to the Financial Statements
52 weeks ended 29th March 1997

7. Equity share capital	Number of 5p ordinary shares 000's	£000s
Authorised:		
At 30th March 1996 and 29th March 1997	53,184	2,659
Allotted and paid up:		
At 30th March 1996 and 29th March 1997	45,877	2,294

8. Reserves	Called up share capital £000s	Share Premium Account £000s	Special Capital Reserve £000s	Profit and loss account £000s	Total £000s
At 30th March 1996	2,294	7,867	364	(25,535)	(15,010)
Loss for the period	-	-	-	(7,879)	(7,879)
At 29th March 1997	<u>2,294</u>	<u>7,867</u>	<u>364</u>	<u>(33,414)</u>	<u>(22,889)</u>

9. Directors' remuneration

The directors who are the only employees of the company, did not receive any remuneration for their services to the company during the period (1996: £nil).

A G STANLEY HOLDINGS PLC
Notes to the Financial Statements
52 weeks ended 29th March 1997

10. Directors' shareholdings

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 29th March 1997 are shown below. No director holds any loan capital in the ultimate holding company.

		Ordinary shares under executive and SAYE options							
Ordinary shares 1997	Ordinary shares 1996	Ordinary shares under options 1997	Average exercise price 1997	Exercised during the year	Exercise price	Market price at date of exercise	Granted during the year	Ordinary shares under option 1996	
J A Cohen	3,781	1,572*	13,666	408p	26,209	432p	680p	-	39,875*

*At date of appointment

The market price of the company's shares at 29th March 1997 was 675p. The range of market prices during the year was 555p to 701p. No options lapsed during the year and no new ones were granted. Prices shown for options exercised during the year represent the weighted average of prices. The average exercise price for 1997 represents the weighted average price for options outstanding at 29th March 1997.

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 option scheme and such options are exercisable as follows:

<u>Option price</u>	<u>Exercisable</u>
286p	To July 2000
399p	To July 2001
437p	To August 2002
531p	To June 2004

The granting of such options ceased before 31st March 1995.

A G STANLEY HOLDINGS PLC
Notes to the Financial Statements
52 weeks ended 29th March 1997

11. Ultimate holding company

The company's immediate and ultimate holding company 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.