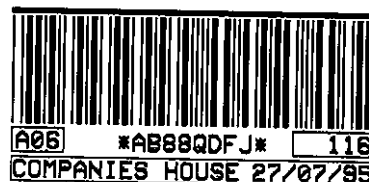


Beaumonts Health Stores Limited

Directors' report and financial statements

For the fourteen month period ended 30 June 1994

Registered number 1711016



Beaumonts Health Stores Limited

Directors' report and financial statements

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Beaumonts Health Stores Limited

Directors' report

The directors present their report and the audited financial statements for the period ended 30 June 1994.

Principal activity and business review

The principal activity of the company during the period was that of retailing healthfood products. The wholesaling and catering activities of the company ceased on 20 April 1994.

On 20 April 1994 the whole of the company's issued share capital was acquired by Holland & Barrett Retail Limited.

Results and dividends

The results for the period are set out on page 5. The directors do not recommend the payment of a dividend (*year ended 30 April 1993: £Nil*). The loss for the financial period of £159,898 is transferred to reserves.

Significant changes in fixed assets

The changes in fixed assets are set out in note 8 to the financial statements.

Directors and directors' interests

The directors who held office during the period were as follows:

MR Brown	(resigned 20 April 1994)
FM Clark	(resigned 20 April 1994)
AJ Lloyd	(appointed 20 April 1994)
PE Lloyd	(appointed 20 April 1994)
RG Turner	(appointed 20 April 1994)
SW Buckell	(appointed 20 April 1994)

MA Ward was appointed as a director on 18 July 1994.

AJ Lloyd, PE Lloyd, RG Turner and SW Buckell were directors of Lloyds Chemists plc, the ultimate holding company at the period end and their interests are disclosed in the financial statements of that company.

Liability insurance

Pursuant to Section 310 of the Companies Act 1985, the company maintains insurance for its directors and officers against the financial consequences of actions brought against them by outside parties for acts or omissions in the performance of their duties as directors or officers of the company.

Beaumonts Health Stores Limited

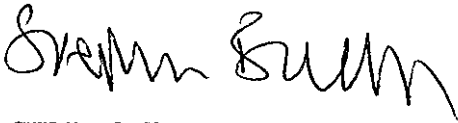
Directors' report *(continued)*

Auditors

Messrs Bird Luckin resigned as auditors during the period and the directors appointed KPMG Peat Marwick to fill the casual vacancy.

On 6 February 1995 the new auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming annual general meeting.

By Order of the Board



SW Buckell
Secretary

Britannia House
Centurion Park
Tamworth
Staffordshire
B77 5TZ

30 June 1995

Beaumonts Health Stores Limited

Statement of directors' responsibilities

The following statement, which should be read in conjunction with the report of the auditors set out on page 4, describes the responsibilities of the directors in relation to these financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the year and of the profit or loss for the period.

The directors consider that in preparing the financial statements set out on pages 5 to 14, the Company has used appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. All applicable accounting standards have been followed and the financial statements have been prepared on a going concern basis.

The directors are responsible for ensuring that the Company maintains adequate accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



2 Cornwall Street
Birmingham B3 2DL

Auditors' report to the members of Beaumonts Health Stores Limited

We have audited the financial statements on pages 5 to 14.

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 mis-statement, 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 the company's affairs as at 30 June 1994 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

30 June 1995



Beaumonts Health Stores Limited

Profit and loss account for the year ended 30 June 1994

		Continuing operations	
	Note	Period ended 30 June 1994 £	As restated Year ended 30 April 1993 £
Turnover	1	2,063,803	1,819,112
Cost of sales		(1,259,442)	(1,168,288)
Gross profit		804,361	650,824
Distribution costs		(514,976)	(289,363)
Administrative expenses		(451,050)	(393,810)
Other operating income		2,080	3,120
Operating loss		(159,585)	(29,229)
Interest receivable	3	1,326	52
Interest payable	4	(5,967)	(13,183)
Loss on ordinary activities before taxation	5	(164,226)	(42,360)
Tax on loss on ordinary activities	7	4,328	13,789
Loss on ordinary activities after taxation and loss for the financial period	14	(159,898)	(28,571)

A statement of movements on reserves is given in note 14 to the financial statements.

Beaumonts Health Stores Limited

Balance sheet at 30 June 1994

	Note	30 June 1994		As restated 30 April 1993	
		£	£	£	£
Fixed assets					
Tangible assets	8		12,636		117,858
Current assets					
Stocks	9	231,699		214,005	
Debtors	10	64,693		37,476	
Cash at bank and in hand		1,239		16,850	
			<u>297,631</u>		<u>268,331</u>
Creditors: amounts falling due within one year	11	<u>(452,230)</u>		<u>(362,254)</u>	
Net current liabilities			<u>(154,599)</u>		<u>(93,923)</u>
Total assets less current liabilities			<u>(141,963)</u>		<u>23,935</u>
Provisions for liabilities and charges	12		-		(6,000)
Net (liabilities)/assets			<u>(141,963)</u>		<u>17,935</u>
Capital and reserves					
Called up share capital	13		100		100
Goodwill write-off reserve	14		(47,025)		(57,650)
Profit and loss account	14		(95,038)		75,485
Total equity shareholders' funds			<u>(141,963)</u>		<u>17,935</u>

These financial statements were approved by the board of directors on 30 June 1995 and were signed on its behalf by:

MA Ward
Director



Beaumonts Health Stores Limited

Statement of total recognised gains and losses *for the period ended 30 June 1994*

During the period ended 30 June 1994 there were no recognised gains or losses other than the loss for the financial period of £159,898 (*year ended 30 April 1993: loss of £28,571*).

Historical cost losses *for the period ended 30 June 1994*

There is no difference between the historical cost loss on ordinary activities before taxation and that reported in the profit and loss account for the period ended 30 June 1994 or the year ended 30 April 1993.

Reconciliation of movements in shareholders' funds *for the period ended 30 June 1994*

	Period ended 30 June 1994 £	As restated Year ended 30 April 1993 £
Loss for the period after taxation	(159,898)	(28,571)
Net movement in shareholders' funds	(159,898)	(28,571)
Opening shareholders' funds at 1 May 1993	17,935	46,506
Closing shareholders' funds at 30 June 1994	(141,963)	17,935

Beaumonts Health Stores Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards and on the basis of continuing support from Lloyds Chemists plc.

The company is a wholly owned subsidiary of Lloyds Chemists plc which is established under the law of a member state of the European Community. Lloyds Chemists plc publishes consolidated financial statements including a consolidated cash flow statement which includes the results of Beaumonts Health Stores Limited from the date of acquisition, and consequently, in accordance with Financial Reporting Standard Number 1, no cash flow statement is included in these financial statements.

Turnover

Turnover represents cash and credit sales excluding value added tax. All sales were made in the United Kingdom.

Depreciation and amortisation

Depreciation is calculated so as to write off the gross book value less estimated residual value of tangible fixed assets over their estimated useful lives. The principal rates used are as follows:

Short leasehold property	- period of the lease
Motor vehicles	- 25 % on a reducing balance
Fixtures, fittings and equipment	- 10%-20% on a straight line basis

Leased assets

Assets used by the company which have been funded through finance leases or similar hire purchase contracts are recorded as tangible fixed assets and are depreciated over their estimated useful lives. Future lease obligations, net of finance charges, are included in creditors. Rentals payable are apportioned between the finance element which is charged to the profit and loss account and the capital element which reduces outstanding lease obligations.

All other leases are operating leases and the rental charges are taken to the profit and loss account over the life of the lease.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Beaumonts Health Stores Limited

Notes (continued)

1 Accounting policies (continued)

Pensions

The company is part of the defined contribution pension scheme operated by the Lloyds Chemists Group. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the company to the scheme. Details of the scheme are set out in Lloyds Chemists plc group financial statements.

Goodwill

Previously, purchased goodwill was carried as an intangible asset which was amortised through the profit and loss account over its useful economic life. The directors have changed the company's accounting policy in respect of goodwill, to bring it into line with the group accounting policy which is the immediate write-off of goodwill against reserves. This has resulted in a prior year adjustment which is detailed at note 17 to the financial statements.

2 Staff numbers and costs

The average number of persons employed by the company during the period, analysed by category, was as follows:

	Period ended 30 June 1994 Number	Year ended 30 April 1993 Number
Sales and administration	76	76
The aggregate payroll costs of these persons were as follows:	£	£
Wages and salaries	381,389	319,033
Social security costs	20,234	20,816
	401,623	339,849

3 Interest receivable

	Period ended 30 June 1994 £	Year ended 30 April 1993 £
Bank interest	1,326	52

Beaumonts Health Stores Limited

Notes (continued)

4 Interest payable

	Period ended 30 June 1994 £	Year ended 30 April 1993 £
Bank loans and overdrafts	5,853	10,311
Finance lease charges	14	2,872
	<u>5,967</u>	<u>13,183</u>

5 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging/(crediting) the following:

	Period ended 30 June 1994 £	Year ended 30 April 1993 £
Directors' remuneration	62,048	60,858
Depreciation of owned tangible fixed assets	105,550	19,726
Payments under operating leases:		
Land and buildings	180,030	150,580
Auditors' remuneration	11,000	9,000
Rents receivable	(2,080)	(3,120)

6 Directors' emoluments

Excluding pension contributions, the emoluments of the current chairman were £Nil and those of the highest paid director and previous chairman were £31,185 (*year ended 30 April 1993: £31,598*). The emoluments of the directors were within the following ranges:

	Period ended 30 June 1994 Number	Year ended 30 April 1993 Number
£0 - £5,000	4	-
£25,001 - £30,000	-	1
£30,001 - £35,000	2	1

Beaumonts Health Stores Limited

Notes (continued)

7 Tax on loss on ordinary activities

	Period ended 30 June 1994 £	Year ended 30 April 1993 £
Taxation based on the loss for the financial year:		
Corporation tax at 33 %	<u>4,328</u>	<u>13,789</u>

8 Tangible fixed assets

	Short leasehold properties £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost or valuation				
At 1 May 1993	62,444	49,435	123,437	235,316
Additions	-	-	3,500	3,500
Disposals	-	(8,208)	-	(8,208)
	<u>62,444</u>	<u>41,227</u>	<u>126,937</u>	<u>230,608</u>
At 30 June 1994	62,444	41,227	126,937	230,608
Depreciation				
At 1 May 1993	15,188	29,416	72,854	117,458
Charge for the period	47,256	4,211	54,083	105,550
Disposals	-	(5,036)	-	(5,036)
	<u>62,444</u>	<u>28,591</u>	<u>126,937</u>	<u>217,972</u>
At 30 June 1994	62,444	28,591	126,937	217,972
Net book value				
At 30 June 1994	-	12,636	-	12,636
At 30 April 1993	47,256	20,019	50,583	117,858

9 Stocks

	1994 £	1993 £
Goods for resale	<u>231,699</u>	<u>214,005</u>

Beaumonts Health Stores Limited

Notes (continued)

10 Debtors

	1994 £	1993 £
Other debtors	-	3,389
Corporation tax recoverable	-	4,425
Prepayments and accrued income	64,693	29,662
	<u>64,693</u>	<u>37,476</u>

11 Creditors: amounts falling due within one year

	1994 £	1993 £
Bank overdraft	-	77,673
Trade creditors	28,347	92,594
Amounts owed to parent undertakings and fellow subsidiary undertakings	423,883	-
Other taxation and social security	-	3,150
Other creditors	-	50,208
Director's loan account	-	135,476
Accruals and deferred income	-	3,153
	<u>452,230</u>	<u>362,254</u>

12 Provisions for liabilities and charges

	Deferred taxation £
At 1 May 1993	6,000
Transfer to profit and loss account	(6,000)
At 30 June 1994	-

The amounts provided for deferred taxation and the amounts unprovided, calculated under the liability method at 33%, are set out below:

	1994		1993	
	Provided £	Unprovided £	Provided £	Unprovided £
Accelerated capital allowances	-	-	6,000	-

Beaumonts Health Stores Limited

Notes (continued)

13 Share capital

	1994 £	1993 £
<i>Authorised:</i>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid:</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

14 Reserves

	Goodwill write off reserve £	Profit and loss account £
At 1 May 1993		
As originally stated	-	75,485
Prior year adjustment (note 17)	<u>(57,650)</u>	<u>-</u>
As restated	(57,650)	75,485
Loss for the period	-	(159,898)
Transfer to profit and loss account	<u>10,625</u>	<u>(10,625)</u>
At 30 June 1994	<u>(47,025)</u>	<u>(95,038)</u>

15 Commitments under operating leases

Annual commitments under non-cancellable operating leases in respect of land and buildings are as follows:

	1994 £	1993 £
Commitments which expire:		
After five years	<u>156,060</u>	<u>150,580</u>

16 Capital commitments

The company had no capital commitments at 30 June 1994 (year ended 30 April 1993: £Nil).

Beaumonts Health Stores Limited

Notes (continued)

17 Prior year adjustment

As explained in the accounting policy notes the accounting policy for goodwill has been changed from the capitalisation and amortisation of goodwill to the immediate write-off of goodwill against reserves in line with that adopted by Lloyds Chemists plc, the ultimate holding company.

Comparative figures for the year ended 30 April 1993 have been restated, to reflect this change in accounting policy.

The effect of this change in accounting policy at 30 April 1993 has been to decrease the loss after taxation for the year by £10,625 and to create a goodwill write-off reserve of £57,650. There is no adjustment to the cumulative balance on the profit and loss account at 30 April 1993 as a transfer of £10,625 from the unrealised goodwill write-off reserve to profit and loss account reserve has been made.

18 Ultimate holding company

The ultimate holding company is Lloyds Chemists plc, which is registered in England and Wales.

The results of the company since 20 April 1994, the date of acquisition, are included within the group financial statements of Lloyds Chemists plc but are not included within any other group financial statements.

Copies of the group financial statements may be obtained from Britannia House, Centurion Park, Tamworth, Staffordshire, B77 5TZ.