

Company registration
Number
3053290

Charity Number 1046559

THE BOOTS GROUP BENEVOLENT FUND

DIRECTORS' REPORT

and

FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2000



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THE BOOTS GROUP BENEVOLENT FUND

Directors' Report

Year ended 31st March 2000

Directors

C E Bourque
L Burdus
J Craig
S J Crane
J G Eardley
J J Lucey
P A Mitchell
D A Rollason (Chairman)
V Roe
P Stretton

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 year ended 31st March 2000.

In accordance with the company's Articles of Association, the company has a committee whose members are the equivalent of and fulfil the functions of the board of directors of the Company, as defined in the Companies Act 1985.

In accordance with Section 30(2) of the Companies Act 1985, the company is exempt from the requirements of that Act to include "Limited" as part of its name.

The Boots Group Benevolent Fund is an independent registered charity funded by The Boots Company PLC and by fund-raising activities by staff, which The Boots Company PLC match £ for £ up to a maximum of £50,000 per annum.

The objective of the Fund is to provide financial assistance to relieve hardship in respect of employees of The Boots Company PLC, its subsidiaries or associated companies, or their dependants or immediate relatives.

The activities of the Fund are controlled by a management committee which meets four times a year to consider and approve all activities associated with the Fund. The Management Committee consists of a Chairman, Fund Manager (Head of BootsHelp), Treasurer/Secretary and representatives from each of the businesses.

THE BOOTS GROUP BENEVOLENT FUND

Directors' Report

Year ended 31st March 2000

On a day to day basis, the Fund is managed by the Head of BootsHelp and administered by the Treasurer/Secretary who works within the BootsHelp Department. This involves delegated authority to make donations and interest free loans up to £500, initiation and co-ordination of all fund-raising activities and management of all funds and preparation of accounts. All requests for assistance are recommended by Staff Counsellors based on need and must have the support of senior line/personnel management. In addition, where amounts requested are greater than those delegated to the Fund Manager and Treasurer/Secretary, approval is also sought from two management committee members including one from the relevant business.

Principal activities

The principal activities of the Fund are:

- * To provide grants and interest free loans to serving staff who are experiencing financial hardship.
- * To provide grants to retired staff, dependants or immediate relatives who are experiencing financial hardship.
- * To provide Christmas grants to serving and retired staff, dependants or immediate relatives who are experiencing financial hardship.
- * To provide Tunstall community alarms to retired staff who are experiencing financial hardship.

Review of the charity

During the fourth year of The Boots Group Benevolent Fund, it was decided to hold two main fundraising events.

- * The first event was a special 'Benny Day' on 9th September 1999 when stores and departments were asked to participate in individual fundraising events on the day which raised £31,871. Employees were also encouraged to sign up for payroll giving.
- * The second event was the Millennium appeal. This appeal took the form of an advertisement on payslips in October 1999. This was a joint venture with Community Relations where employees were invited to sign up to give a one off donation to either the Children's Promise appeal or The Boots Group Benevolent Fund.
- * In addition employees donated £84,835.

During the year 1999/00 the fund awarded the following:-

- * 532 miscellaneous grants amounting to £173,479.
- * 764 fixed amount Christmas grants amounting to £168,080.
- * 36 miscellaneous interest free loans amounting to £19,810.

THE BOOTS GROUP BENEVOLENT FUND

Directors' Report

Year ended 31st March 2000

Directors

There have been the following changes to the Board of Directors during the period and up to the date of signing the financial statements:

Appointments

J V Munro

P A Mitchell

S J Crane

Date

14th April 1999

20th October 1999

20th October 1999

Resignations

J V Munro

R J Mason

P A Mitchell

Date

28th July 1999

3rd August 1999

11th July 2000

In accordance with the Articles of Association, at each general meeting after the first, one third of the directors who are subject to retirement in rotation, shall retire from office.

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 and 13.

Auditors

A resolution for the reappointment of KPMG Audit Plc will be proposed at the annual general meeting.

KPMG Audit Plc
2 Cornwall Street
Birmingham
B3 2DL

Bankers

National Westminster Bank
3 Thurland Street
Nottingham
NG1 3DT

Solicitors

Freeth, Cartwright, Hunt Dickens
Express Buildings
29 Upper Parliament Street
Nottingham
NG1 2AQ

THE BOOTS GROUP BENEVOLENT FUND

Directors' Report

Year ended 31st March 2000

Share Capital

The company has no share capital and is limited by guarantee of the members. The liability of a member in the event of the company being wound up whilst a member, or within one year of ceasing to be a member, is not to exceed £1.

Year 2000

Our comprehensive work programme to achieve Year 2000 compliance was completed on schedule and the date transition was accomplished successfully with no material errors.

It is not possible to estimate, with a reasonable degree of accuracy, the incremental costs attributable to Year 2000 systems compliance for individual subsidiaries. However, the costs for the Boots group as a whole (as disclosed in the financial statements of The Boots Company PLC) were within the original budget estimate of £14m and no further costs are expected.

The success of this project was assured by thorough planning, a timely start and rigorous project management.

By order of the board



S Fennell

Secretary

09 AUG 2000

Date

THE BOOTS GROUP BENEVOLENT FUND

Directors' responsibilities statement

Year ended 31st March 2000

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year 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 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 responsibilities for taking such steps that are reasonably open to them for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities.

THE BOOTS GROUP BENEVOLENT FUND

Auditors' Report

Year ended 31st March 2000

Report of the Auditors to the members of Boots Group Benevolent Fund.

We have audited the financial statements on pages 7 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors report and, as described on page 5, 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 professions 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. 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 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 charitable company's state of affairs as at 31st March 2000 and of its incoming resources and application of the resources, including its income and expenditure, in 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

9/8/00

Date

THE BOOTS GROUP BENEVOLENT FUND

Statement of Financial Activities

Year ended 31st March 2000

	Notes	2000 £	1999 £
Incoming resources - unrestricted funds			
Donations and gifts	2	252,284	297,406
Bank interest	3	15,989	21,850
Investment income	4	28,221	15,758
Sundry income	5	57,512	56,212
Total incoming resources		354,006	391,226
Resources expended - unrestricted funds			
Direct charitable expenditure - grants	6	341,559	327,694
- loans written off		700	185
- other		129	-
Expenditure on the management and administration of the charity	5	57,512	56,212
Total resources expended		399,900	384,091
Excess of income/(expenditure) over expenditure/(income) for the period - unrestricted funds		(45,894)	7,135
Fund balance brought forward:			
- Unrestricted funds	11	365,085	357,950
- Restricted funds	11	3,155	3,155
		368,240	361,105
Fund balance carried forward:			
- Unrestricted funds	11	319,191	365,085
- Restricted funds	11	3,155	3,155
		322,346	368,240

The notes on pages 9 to 14 form part of these accounts.

Statement of financial activities and statement of recognised gains and losses

During the year no resources were made available to the company and no expenditure was incurred by the company other than the income and expenditure reported above.

THE BOOTS GROUP BENEVOLENT FUND

Balance Sheet

At 31st March 2000

	Notes	2000 £	1999 £
Current assets			
Debtors	7	18,501	8,534
Investments		21,298	21,298
Cash at bank and in hand	8	294,599	349,364
		<u>334,398</u>	<u>379,196</u>
Creditors: Amounts falling due within one year	9	(12,052)	(10,956)
Net assets		<u>322,346</u>	<u>368,240</u>
Funds			
Restricted funds	10, 11	3,155	3,155
Unrestricted funds	11	319,191	365,085
		<u>322,346</u>	<u>368,240</u>

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

09 AUG 2000



Director

The notes on pages 9 to 14 form part of these accounts.

THE BOOTS GROUP BENEVOLENT FUND

Notes to the Financial Statements

Year ended 31st March 2000

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, Statement of Recommended Practice "Accounting for Charities" and the Companies Act 1985, and under the historical cost accounting rules.

Cash flow

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

2. Donations and gifts	2000 £	1999 £
Donations from fund-raising activities:		
Raffle	-	34,389
Events	31,871	22,566
Sales	-	104
Millennium appeal	4,902	-
	<u>36,773</u>	<u>57,059</u>
Other donations:		
Donations from businesses	80,676	85,479
Donations from employees	84,835	112,635
Company £ for £ matching donation	50,000	50,000
	<u>252,284</u>	<u>305,173</u>
Expenditure on fund raising and publicity	-	(7,767)
	<u>252,284</u>	<u>297,406</u>

3. Bank interest

The Boots Group Benevolent Fund operates three bank accounts. A current account is held with National Westminster bank as well as a clubs/societies reserve account. A deposit account is also held with the Charities Official Investment Fund (COIF).

THE BOOTS GROUP BENEVOLENT FUND

Notes to the Financial Statements

Year ended 31st March 2000

4. Investment income

Investment income relates to dividends received from shares held for investment purposes.

5. Management and administration of the charity

Included within sundry income is £57,512 (1999: £56,212) representing a contribution from The Boots Company PLC which is an approximation based on separately identifiable costs, in respect of managing and administering the charity.

6. Direct Charitable Expenditure

2000

1999

£

£

The following grants were awarded during the year:

532 (1999: 585) miscellaneous grants amounting to

173,479

172,494

764 (1999: 776) fixed amount Christmas grants totalling

168,080

155,200

341,559

327,694

Boots Group Benevolent Fund also grant interest free loans to employees. During the year 36 loans were granted amounting to £19,810 and £14,732 has been repaid. Of the loans granted, none are considered to be irrecoverable.

7. Debtors

2000

1999

£

£

Tax receivable

192

-

Staff loans

13,407

8,534

Accrued income

4,902

-

18,501

8,534

Staff loans relate to the balance outstanding on loans as detailed above.

THE BOOTS GROUP BENEVOLENT FUND

Notes to the Financial Statements

Year ended 31st March 2000

8. Cash in bank and in hand	2000	1999
	£	£
Deposit accounts:		
Charities Official Investment Fund	218,833	304,432
Reserve account	75,491	44,432
Others:		
Cash in hand	275	500
	<u>294,599</u>	<u>349,364</u>

9. Creditors: Amounts falling due within one year	2000	1999
	£	£
Bank loans and overdrafts (bank current account)	2,563	4,150
Taxation and social security	123	123
Loan advances	9,366	6,683
	<u>12,052</u>	<u>10,956</u>

10. Restricted funds

The Trust Fund represents the amount of unclaimed monies owing to investors in the Boots Employees' Savings Fund which were transferred to the General Benevolent Fund when the Savings Fund was discontinued. This amount was transferred to the Boots Group Benevolent Fund on 31st March 1996 but is held in trust and, as such, is not available for distribution by the Boots Group Benevolent Fund.

The Trust Fund monies are held in the bank accounts operated by the Boots Group Benevolent Fund. Interest received from this account is treated as income of the Boots Group Benevolent Fund.

11. Funds	Restricted	Unrestricted	Total
	£	£	£
As at 1st April 1999	3,155	365,085	368,240
Movement	-	(45,894)	(45,894)
At 31st March 2000	<u>3,155</u>	<u>319,191</u>	<u>322,346</u>

THE BOOTS GROUP BENEVOLENT FUND

Notes to the Financial Statements

Year ended 31st March 2000

12. Directors' remuneration

No director has received any remuneration or expenses for their services to the company during the year.

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 2000 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 under options 1999
	Ordinary shares 2000	Ordinary shares 1999	Ordinary shares under options 2000	Average option price 2000	Exercised during the year	Exercise price	Market price at date of exercise	Granted during the year	Lapsed during the year	
C E Bourque	-	-	663	588p	-	-	-	-	482	1,145
L Burdus	2,714	2,714	5,900	447p	-	-	-	-	-	5,900
J Craig	5	5	-	-	-	-	-	-	-	-
S J Crane	326	-*	551	685p	326	449p	638p	310	-	567*
J G Eardley	-	-	663	588p	-	-	-	-	-	663
J J Lucey	2,362	529	2,703	504p	1,816	418p	619p	1,189	241	3,571
PA Mitchell	665	438*	3,247	500p	665	415p	500p	353	289	3,848*
V Roe	412	412	2,078	529p	-	-	-	310	-	1,768
D A Rollason	16,328	16,253	3,131	548p	-	-	-	540	426	3,017
P Stretton	522	-	8,708	446p	522	485p	773p	2,607	3,030	9,653

* at date of appointment

The market price of the ultimate holding company's shares at 31st March 2000 was 537p. The range of market prices during the year was 457p to 884p. Prices shown for options exercised during the year represent the weighted average of prices. The average option price for 2000 represents the weighted average price for options outstanding at 31st March 2000.

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

THE BOOTS GROUP BENEVOLENT FUND

Notes to the Financial Statements

Year ended 31st March 2000

13. Directors' shareholdings and share options (continued)

The table below 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 Restricted Share Co-investment Scheme and the Long Term Bonus Scheme operated by The Boots Company PLC. Under the Co-investment Scheme, none of the shares are receivable until three years after the grant of these rights and the number then receivable will depend on the total shareholder return (ie share price movement plus gross dividends) of The Boots Company PLC compared with that of ten other leading companies over a specified period. Under the Long Term Bonus scheme, at the end of a four year performance cycle, 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 (two years for the new scheme commencing April 1999).

	Ordinary shares conditional awards				31st March 1999
	31st March 2000	Exercised during the year	Lapsed during the year	Granted during the year	
Co-investment scheme					
R J Mason	1,658	-	-	-	1,658
Long Term Bonus scheme					
R J Mason	779	-	-	779	-
D A Rollason	9,205	-	-	3,345	5,860

As a potential beneficiary, each participant in the scheme is deemed to be interested in the 2,402,413 ordinary shares of the company held by Boots ESOP* Trust Limited, on behalf of Boots Employee Trust, established to facilitate the operation of the company's executive bonus schemes.

Each director is deemed, as a potential beneficiary, to have an interest in the 20,119,540 ordinary shares of the company held by Boots (QUEST) Trustee Limited on behalf of Boots Qualifying Employee Share Trust, established in connection with the company's UK all-employee SAYE Share Option Scheme.

*Employee Share Ownership Plan

THE BOOTS GROUP BENEVOLENT FUND

Notes to the Financial Statements

Year ended 31st March 2000

14. Ultimate Holding Company

The company's immediate and 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 will be included in the group financial statements of The Boots Company PLC for the 12 months ending 31st March 2000.

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 in the financial statements of the company as permitted by paragraph 3 of Financial Reporting Standard 8.