



Company registration  
Number  
3053290

Charity Registration Number 1046559

THE BOOTS GROUP BENEVOLENT FUND

TRUSTEES' REPORT

And

FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2004



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27/01/05

Company Registration  
No: 3053290

**THE BOOTS GROUP BENEVOLENT FUND**

**Professional Advisers**

Year ended 31st March 2004

**Auditors**

KPMG Audit Plc  
2 Cornwall Street  
Birmingham  
B3 2DL

**Bankers**

National Westminster Bank  
148-149 Victoria Centre  
Nottingham  
NG1 3QT

**Solicitors**

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

**THE BOOTS GROUP BENEVOLENT FUND**

**Trustees' Report**

Year ended 31st March 2004

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<b><u>Trustees</u></b>	<b><u>Secretary</u></b>	<b><u>Registered Office</u></b>
J Broome C J Brown J Craig L V Davies G S Dixon L Fordham (Chairman) J Horry P Stretton J M Thackeray J M Thompson	S J Watts	1 Thane Road West Nottingham NG2 3AA

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The trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2004. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities.

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

In accordance with Section 30(2) of the Companies Act 1985, the charitable 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 Boots Group PLC and by staff activities, which Boots Group 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 and former employees of Boots Group 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) and representatives from each of the businesses.

## **THE BOOTS GROUP BENEVOLENT FUND**

### **Trustees' Report**

*Year ended 31st March 2004*

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 £1,000, 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 BootsHelp 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 objectives**

The principal objectives 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**

- \* The main fund raising event during the year was 'Benny Day' on 25th September 2003 when stores and departments were asked to participate in individual fundraising events. 'Benny Day' and other donations produced income of £123,345 in the year.
- \* Employees were also encouraged to sign up for payroll giving, which raised £50,022 in the year.

During the year 2003/2004 the fund awarded the following:

- \* 310 miscellaneous grants amounting to £114,594
- \* 622 fixed amount Christmas grants amounting to £124,400
- \* 24 miscellaneous interest free loans amounting to £13,926

During the coming year the Fund will continue and build on its principal fund raising activities.

## THE BOOTS GROUP BENEVOLENT FUND

### Trustees' Report

Year ended 31st March 2004

#### Trustees

Trustees are appointed following recommendation by the members of the Management Committee and the consent of the individual proposed. The individual shall then hold office until the next Annual General Meeting where they may be re-appointed. The details of trustees in office at the date of signing the financial statements are shown on page 1. There have been the following changes to the board of trustees during the year and up to the date of signing the financial statements:

#### Appointments

L Fordham	16 December 2004
J Broome	5 May 2004
J Horry	5 May 2004
P Hyman	1 May 2003

#### Date

#### Resignations

P Hyman	5 May 2004
J Eardley	5 May 2004
J J Lucey	1 March 2004
D A Rollason	30 April 2003
I A Macbeth	16 April 2003

#### Date

In accordance with the Articles of Association, at each general meeting after the first, one third of the directors who are subject to retirement by rotation, shall retire from office and may offer themselves for re-election.

#### Remuneration of trustees and trustees' shareholding

Details of the remuneration and shareholdings of the trustees are included in notes 14 and 15 on pages 15 to 16.

#### Auditors

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

#### Share Capital

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

#### Reserves Policy

It is the policy of the Benevolent Fund to maintain unrestricted funds at a level sufficient to fulfil the likely on-going obligations of the charity, given the anticipated future incoming resources and level of charitable donation.

This level has been set at 2-3 times annual expenditure. This has been set as the Trustees have decided that this is a reasonable level to ensure that donations are made in accordance with the objectives of the Fund. Unrestricted funds at 31<sup>st</sup> March 2004 are £706,190, this level is 2.4 times annual expenditure. The reserves policy is kept under regular review, and the level of reserves is monitored quarterly, by the management committee.



# THE BOOTS GROUP BENEVOLENT FUND

## Trustees' Report

Year ended 31st March 2004

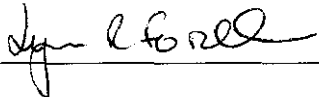
### Investment Policy

The management of the charity's funds has an objective to provide reasonable income and growth against inflation. In accordance with the Trustees' duties of care and prudence, the funds are managed by an external specialist investment manager on the Trustees' behalf, through the COIF Charity Funds. The performance of the funds is monitored quarterly by the management committee.

### Risk Management

The trustees have reviewed the strategic, operational and business risks which the Benevolent Fund faces, and have confirmed that there are sufficient controls to mitigate the significant risks. Annual reviews of the Benevolent Fund risks and controls will take place to ensure risks will be sufficiently controlled.

In the opinion of the trustees, the accounts comply with current statutory requirements and with the requirements of the Charities Governing Documents.



Chairman

16<sup>th</sup> December 2004  
Date

## **THE BOOTS GROUP BENEVOLENT FUND**

### **Statement of Trustees' Responsibilities**

Year ended 31st March 2004

Company Law requires the trustees' to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the excess of income over expenditure for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.



# THE BOOTS GROUP BENEVOLENT FUND

## Independent Auditors' Report

Year ended 31st March 2004

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

We have audited the financial statements on pages 7 to 15.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditors

The trustees, who are also directors of Boots Group Benevolent Fund for the purposes of company law, are responsible for preparing the trustees' 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 our profession's 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 1985. We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if the charitable 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable 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 charitable company as at 31st March 2004 and of its incoming resources and application of 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

25/1/05  
Date

# THE BOOTS GROUP BENEVOLENT FUND

## Statement of Financial Activities (incorporating an Income and Expenditure Account)

Year ended 31st March 2004

	Notes	2004 £	2003 £
<b>Incoming resources - unrestricted funds</b>			
Donations, legacies and similar incoming resources	2	194,739	213,326
Activities for generating funds	2	28,628	21,420
Bank interest	3	852	362
Investment income	4	24,303	26,067
Sundry income	5	49,647	52,378
<b>Total incoming resources</b>		<b>298,169</b>	<b>313,553</b>
<b>Resources expended - unrestricted funds</b>			
<b>Charitable expenditure</b>			
Grants to beneficiaries	6	238,994	286,226
Loans written off		861	500
Other		2,273	355
Management and administration	5	47,790	46,399
<b>Total resources expended</b>		<b>289,918</b>	<b>333,480</b>
<b>Net incoming/(outgoing) resources - net income/(expenditure)</b>		<b>8,251</b>	<b>(19,927)</b>
<b>Other recognised gains/(losses) on investments</b>	7	<b>65,574</b>	<b>(144,330)</b>
<b>Net movement in funds – unrestricted funds</b>		<b>73,825</b>	<b>(164,257)</b>
<b>Fund balance brought forward:</b>			
Unrestricted funds	12	632,365	796,622
Restricted funds	11,12	3,155	3,155
		<b>635,520</b>	<b>799,777</b>
<b>Fund balance carried forward:</b>			
Unrestricted funds	12	706,190	632,365
Restricted funds	11,12	3,155	3,155
		<b>709,345</b>	<b>635,520</b>

The notes on pages 11 to 17 form part of these accounts.

## **THE BOOTS GROUP BENEVOLENT FUND**

### **Statement of Financial Activities (incorporating an Income and Expenditure Account)**

Year ended 31st March 2004

#### **Statement of financial activities continued**

#### **Statement of financial activities and statement of recognised gains and losses**

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

The incoming resources and resulting net movement in funds arise from continuing operations.

The charitable company has no recognised gains or losses other than the net movement in funds for the year.

# THE BOOTS GROUP BENEVOLENT FUND

## Balance Sheet

At 31st March 2004

	Notes	2004 £	2003 £
<b>Fixed asset investments</b>	7	<b>486,290</b>	420,716
<b>Current assets</b>			
Debtors	8	57,715	7,382
Cash at bank and in hand	9	182,389	220,510
		<u>240,104</u>	<u>227,892</u>
<b>Creditors: Amounts falling due within one year</b>	10	<b>(17,049)</b>	(13,088)
<b>Net current assets</b>		<u>223,055</u>	<u>214,804</u>
<b>Net assets</b>		<u>709,345</u>	<u>635,520</u>
<b>Funds</b>			
Restricted funds	11,12	3,155	3,155
Unrestricted funds	12	706,190	632,365
		<u>709,345</u>	<u>635,520</u>

The financial statements were approved by the Board of Trustees on  
and were signed on its behalf by: L Fendrum

16 December 2004



Chairman

The notes on pages 11 to 17 form part of these accounts.

## THE BOOTS GROUP BENEVOLENT FUND

### Notes to the Financial Statements

Year ended 31st March 2004

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#### 1. Accounting policies

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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 the Statement of Recommended Practice "Accounting and Reporting by Charities", issued in October 2000, and under the historical cost accounting rules as adjusted by the revaluation of investments.

##### **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.

##### **Fixed asset investments**

Investments are included in the balance sheet at market value. All movements in value arising from the investment changes or revaluation are recognised in the Statement of Financial Activities (SOFA).

##### **Incoming resources**

Donations, gifts and similar incoming resources are included in the year in which they are receivable, which is when the charity is entitled to the resource.

##### **Grants to beneficiaries**

Grants are included in the SOFA when approved by the trustees.

##### **Management and administration**

Management and administration charges are based on the contribution from Boots Group PLC, which is an approximation, based on separately identifiable costs, in respect of managing and administering the charity.

##### **Other resources expended**

Other resources expended are included in the SOFA when payable by the charitable company.

# THE BOOTS GROUP BENEVOLENT FUND

## Notes to the Financial Statements

Year ended 31st March 2004

<b>2. Incoming resources</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Donations from fund-raising activities:		
Events	28,628	21,420
Other donations:		
Donations from businesses	44,006	61,676
Donations from employees	100,733	101,650
Company donation	50,000	50,000
	<u>194,739</u>	<u>213,326</u>
	<u>223,367</u>	<u>234,746</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 COIF Charity Funds.

### 4. Investment income

The Boots Group Benevolent Fund holds an investment in the COIF Charities Investment Fund.

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Interest received from COIF Charities Investment account	24,303	26,067
<b>Total</b>	<u>24,303</u>	<u>26,067</u>

### 5. Sundry income

Included within sundry income is £47,790 (2003 £46,339) representing a contribution from Boots Group PLC which is an approximation based on separately identifiable costs, in respect of managing and administering the charity.

# THE BOOTS GROUP BENEVOLENT FUND

## Notes to the Financial Statements

Year ended 31st March 2004

<b>6. Grants to beneficiaries</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
The following grants were awarded during the year:		
310 (2003: 359) miscellaneous grants amounting to	<b>114,594</b>	133,626
622 (2003: 763) fixed amount Christmas grants totalling	<b>124,400</b>	152,600
	<b><u>238,994</u></b>	<b><u>286,226</u></b>

All grants are given to individuals.

Boots Group Benevolent Fund also grants interest free loans to employees. During the year 24 loans were granted amounting to £13,926. Of the loans granted in this year and in previous years, £12,732 has been repaid, four loans amounting to £861 have been written-off and a further five loans which may be irrecoverable have been provided for.

<b>7. Fixed asset investments</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
COIF Charities Investment Fund	<b>486,290</b>	420,716
	<b><u>486,290</u></b>	<b><u>420,716</u></b>
Market value at 1st April	<b>420,716</b>	565,046
Net gain/(loss) on revaluation	<b>65,574</b>	(144,330)
<b>Market value at 31st March</b>	<b><u>486,290</u></b>	<b><u>420,716</u></b>
Historical cost at 31st March	<b><u>674,328</u></b>	<b><u>674,328</u></b>

Investments comprising over 5% of the market value of the total investment portfolio are as follows:

COIF Charities Investment Fund	<b><u>486,290</u></b>	<b><u>420,716</u></b>
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<b>8. Debtors</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Loans to employees of Boots Group	<b>7,715</b>	7,382
Amounts owed by Boots Group	<b>50,000</b>	-
	<b><u>57,715</u></b>	<b><u>7,382</u></b>

Loans to employees of Boots Group relate to the un-provided balance outstanding on loans as detailed above.

# THE BOOTS GROUP BENEVOLENT FUND

## Notes to the Financial Statements

Year ended 31st March 2004

9. Cash at bank and in hand	2004 £	2003 £
Deposit accounts:		
COIF Charities Investment Fund	97,490	183,187
Reserve account	84,679	37,073
Cash in hand	220	250
	<u>182,389</u>	<u>220,510</u>

10. Creditors: Amounts falling due within one year	2004 £	2003 £
Bank loans and overdrafts (bank current account)	9,334	5,707
Loan advances	7,715	7,381
	<u>17,049</u>	<u>13,088</u>

### 11. Restricted funds

The restricted part of 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.

12. Funds	Restricted £	Unrestricted £	Total £
As at 1st April 2003	3,155	632,365	635,520
Movement	-	73,825	73,825
<b>At 31st March 2004</b>	<u><b>3,155</b></u>	<u><b>706,190</b></u>	<u><b>709,345</b></u>

In the opinion of the trustees, sufficient resources are held in an appropriate form for each fund to be applied in accordance with any restrictions involved.



# THE BOOTS GROUP BENEVOLENT FUND

## Notes to the Financial Statements

Year ended 31st March 2004

### 13. Employee numbers

The charitable company has no employees.

### 14. Trustees' remuneration

No trustee has received any remuneration or reimbursement of expenses for their services to the charitable company during the year.

### 15. Trustees' shareholdings and share options

The beneficial interests of the trustees, who are not directors of the ultimate holding company, and their families in the share capital of the ultimate holding company at 31st March 2004 are shown below. No trustee holds any loan capital in the ultimate holding company. The share interests of the trustees who are directors of the ultimate holding company are included within those group financial statements.

Ordinary shares under Executive and SAYE options									
Ordinary shares 2004	Ordinary shares 2003	Ordinary shares under options 2004	Average Option Price 2004	Exercised during the year	Exercise price	Market Price at date of exercise	Granted during the year	Lapsed during the year	Ordinary shares under options 2003
C J Brown	2,224*	1,208#	1,203	£6.042	804	£4.850	£6.780	-	2,007
J Craig	5	5	-	-	-	-	-	-	-
L V Davies	102	102	588	£6.240	-	-	-	-	588
G S Dixon	210*	191#	-	-	-	-	-	-	-
P Hyman	3,063*	2,060#+	18,232	£6.120	-	-	5,929	-	12,303+
P A Stretton	77*	1,429#	-	-	-	-	-	-	-
J M Thackeray	-	-	-	-	-	-	-	310	310
J M Thompson	-	-	540	£6.240	-	-	-	2,026	2,566

+ At date of appointment

\* Included within the Ordinary shares held are shares purchased under the Share Investment Plan by the following:  
C J Brown 373 shares, G S Dixon 210 shares, P Hyman 465 shares and P A Stretton 77 shares

# Included within the Ordinary shares held are shares purchased under the Share Investment Plan by the following:  
C J Brown 191 shares, G S Dixon 191 shares, P Hyman 262 shares and P A Stretton 77 shares

The market price of the ultimate holding company's shares at 31st March 2004 was 619.5p. The range of market prices during the year was 524.5p to 752.5p. Prices shown for options exercised during the year represent the weighted average of prices. The average option price for 2004 represents the weighted average price for options outstanding at 31st March 2004.

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 2004

### 15. Trustees' shareholdings and share options

Under the executive share option plan certain directors were granted options to subscribe for ordinary shares in Boots Group PLC. These options become exercisable 3 years after grant if the performance target is met. If the target is not met, the performance period is extended but if the target is still not met by the end of the sixth year of the performance period, the options lapse. Once the performance target is met, such options are exercisable up to 10 years from grant at option prices of between 594p and 635p.

The table below shows the number of shares in Boots Group PLC (the ultimate holding company) over which certain trustees have been granted conditional rights under the Long Term Bonus scheme. Under the Long Term Bonus scheme, at the end of a four year performance cycle, (three years for the schemes commenced in 2002) half the bonus earned will be paid in cash and half is paid as a share award.

#### Ordinary shares conditional awards

	31st March 2004	Exercised during the year	Lapsed during the year	Granted during the year	31st March 2003
<b>Long Term Bonus scheme</b>					
P Hyman	-	(1,362)	-	-	1,362 *

\* At date of appointment

The table below shows the number of shares in Boots Group PLC (the ultimate holding company) that have been conditionally awarded to certain trustees under the All Employee Share Ownership Plan. The employee will normally become unconditionally entitled to these shares after remaining employed for a further three years.

#### Conditional entitlement award under the All Employee Share Ownership Plan

	31st March 2004	Awarded during the year	31st March 2003
C J Brown	121	40	81
L V Davies	121	40	81
G S Dixon	121	40	81
J G Eardley	121	40	81
P Hyman	121	40	81*
P A Stretton	194	61	133
J M Thackeray	121	40	81
J M Thompson	121	40	81

\* At date of appointment

As a potential beneficiary, each trustee is deemed to have an interest in a total of 15,701,287 ordinary shares of Boots Group PLC held by the following employee trusts, namely, Boots ESOP Trust Limited (established to facilitate the operation of the company's executive bonus schemes), Boots (QUEST) Trustee Limited (established in connection with the company's UK all-employee SAYE Share Option Scheme) and Boots Share Plan Trustee Limited (established in connection with the All Employee Share Ownership Plan).

## THE BOOTS GROUP BENEVOLENT FUND

### Notes to the Financial Statements

Year ended 31st March 2004

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#### **16. Ultimate holding company**

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The charitable company's immediate holding company (which is also the immediate controlling party) is The Boots Company PLC and its ultimate holding company (which is also the ultimate controlling party) is Boots Group PLC, a company incorporated in Great Britain and registered in England and Wales.

Copies of the group financial statements may be obtained from 1 Thane Road West, Nottingham, NG2 3AA.

The charitable 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.