

Company registration  
Number  
3053290

Charity Registration Number 1046559

THE BOOTS GROUP BENEVOLENT FUND

TRUSTEES' REPORT

And

FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2001



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**THE BOOTS GROUP BENEVOLENT FUND**

**Trustees' Report**

Year ended 31st March 2001

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<b><u>Trustees</u></b>	<b><u>Secretary</u></b>	<b><u>Registered Office</u></b>
C E Bourque J Craig L V Davies J G Eardley J J Lucey D A Rollason (Chairman) P Stretton	S Fennell	1 Thane Road West Nottingham NG2 3AA

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The trustees present their annual report together with the audited financial statements for the year ended 31st March 2001.

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 staff activities, 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) and representatives from each of the businesses.

# **THE BOOTS GROUP BENEVOLENT FUND**

## **Trustees' Report**

Year ended 31st March 2001

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 £750, 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 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**

During the fifth 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 14th September 2000 when stores and departments were asked to participate in individual fundraising events on the day, which raised £47,500. Employees were also encouraged to sign up for payroll giving.
- \* The second event was the Raffle. This was held on 15th December 2000 and raised £21,872.
- \* In addition employees donated £85,232.

During the year 2000/2001 the fund awarded the following: -

- \* 552 miscellaneous grants amounting to £176,809.
- \* 799 fixed amount Christmas grants amounting to £159,800.
- \* 25 miscellaneous interest free loans amounting to £11,738.

During September and October 2000, The Boots Group Benevolent Fund disposed of the Fixed Asset Investments they held, making a gain on disposal of £52,226. The proceeds from these disposals were re-invested in 58,406.87 income units with the COIF Charities Investment Fund.

# THE BOOTS GROUP BENEVOLENT FUND

## Trustees' Report

Year ended 31st March 2001

### Trustees

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

<u>Appointments</u>	<u>Date</u>
L V Davies	9th August 2000
E Murphy	11th April 2001
G A Ratcliffe	9th August 2000
J Thackeray	11th April 2001
J Thompson	11th April 2001
 <u>Resignations</u>	 <u>Date</u>
L Burdus	30th March 2001
S J Crane	31st January 2001
P A Mitchell	11th July 2000
G A Ratcliffe	17th January 2001
V Roe	30th March 2001
C E Bourque	30th April 2001

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 trustees and trustees' shareholding

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

### Auditors

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

### Auditors

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

## Trustees' Report

Year ended 31st March 2001

### 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.

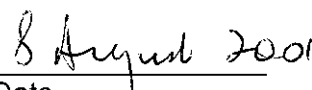
### Fund Confirmation

In the opinion of the trustees, the charitable company's assets are sufficient to fulfil the obligations of the charity.

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



D A Rollason  
Chairman



Date

## **THE BOOTS GROUP BENEVOLENT FUND**

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

Year ended 31st March 2001

Law applicable to incorporated charities in England and Wales requires the trustees, who are also directors of the company, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity at the end of the year and of its financial activities during the year then ended. 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 ongoing basis unless it is inappropriate to presume that the charity will continue in operation.

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 the 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

## Auditors' Report

Year ended 31st March 2001

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

We have audited the financial statements on pages 7 to 17.

### Respective responsibilities of trustees and auditors

As described on page 5, the trustees, who are also the directors of The Boots Group Benevolent Fund for the purpose 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 by 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. We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if the charity 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 trustees' remuneration and transactions with the company is not disclosed.

### Basis of audit 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 2001 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

*8/8/01*

Date

# THE BOOTS GROUP BENEVOLENT FUND

## Statement of Financial Activities

Year ended 31st March 2001

	Notes	2001 £	2000 £
<b>Income and Expenditure</b>			
<b>Incoming resources - unrestricted funds</b>			
Donations and gifts	2	285,604	252,284
Bank interest	3	15,844	15,989
Investment income	4	31,144	28,221
Sundry income		64,516	57,512
<b>Total incoming resources</b>		<b>397,108</b>	<b>354,006</b>
<b>Resources expended - unrestricted funds</b>			
Direct charitable expenditure - grants	6	336,209	341,559
- loans written off		1,635	700
- other		6,930	129
Expenditure on the management and administration of the charity	5	62,756	57,512
<b>Total resources expended</b>		<b>407,530</b>	<b>399,900</b>
<b>Net outgoing resources</b>		<b>(10,422)</b>	<b>(45,894)</b>
<b>Other recognised gains &amp; losses on investments</b>			
Realised		52,226	-
Unrealised	14	(73,549)	(4,520)
<b>Net movement in funds – unrestricted funds</b>		<b>(31,745)</b>	<b>(50,414)</b>
<b>Fund balance brought forward:</b>			
Unrestricted funds	13	919,995	365,085
Prior year adjustment	7	-	605,324
Unrestricted funds as restated		919,995	970,409
Restricted funds	12,13	3,155	3,155
		<b>923,150</b>	<b>973,564</b>
<b>Fund balance carried forward:</b>			
- Unrestricted funds	13	888,250	919,995
- Restricted funds	12,13	3,155	3,155
		<b>891,405</b>	<b>923,150</b>

The notes on pages 10 to 17 form part of these accounts.



**THE BOOTS GROUP BENEVOLENT FUND**

**, Statement of Financial Activities**

Year ended 31st March 2001

**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 company and no expenditure was incurred by the company other than the income and expenditure reported above.

All funds are income funds.

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 2001

	Notes	2001 £	2000* £
<b>Fixed asset investments</b>	8	<b>600,779</b>	622,102
<b>Current assets</b>			
Debtors	9	<b>12,963</b>	18,501
Cash at bank and in hand	10	<b>287,642</b>	294,599
		<u><b>300,605</b></u>	<u>313,100</u>
<b>Creditors: Amounts falling due within one year</b>	11	<b>(9,979)</b>	(12,052)
<b>Net current assets</b>		<u><b>290,626</b></u>	<u>301,048</u>
<b>Net assets</b>		<u><b>891,405</b></u>	<u>923,150</u>
<b>Funds</b>			
Restricted funds	12,13	<b>3,155</b>	3,155
Unrestricted funds	13	<b>888,250</b>	919,995
		<u><b>891,405</b></u>	<u>923,150</u>

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

8 August 2001



**D A Rollason**  
**Chairman**

The notes on pages 10 to 17 form part of these accounts.

\* Restated

# THE BOOTS GROUP BENEVOLENT FUND

## Notes to the Financial Statements

Year ended 31st March 2001

### 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 the Statement of Recommended Practice "Accounting for Charities" 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.

#### Investments

Investments are included in the Balance sheet at market value. This represents a change in accounting policy (see note 7). All movements in value arising from the investment changes or revaluation are recognised in the Statement of Financial Activities.

Realised gains or losses on investments are calculated as the difference between disposal proceeds and opening market value. Unrealised gains or losses are derived from the movement in market value during the year.

2. Donations and gifts	2001 £	2000 £
Donations from fund-raising activities:		
Raffle	21,872	-
Events	47,500	31,871
Millennium appeal	-	4,902
	<u>69,372</u>	<u>36,773</u>
Other donations:		
Donations from businesses	81,000	80,676
Donations from employees	85,232	84,835
Company £ for £ matching donation	50,000	50,000
	<u>285,604</u>	<u>252,284</u>

# THE BOOTS GROUP BENEVOLENT FUND

## Notes to the Financial Statements

Year ended 31st March 2001

### 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).

### 4. Investment income

In September and October 2000, the shares held were exchanged for securities in the COIF Investment Fund.

	2001 £	2000 £
Dividends received	14,497	28,221
Interest received from COIF Investment account	10,806	-
Interest Accrued from COIF Investment account	5,841	-
<b>Total</b>	<b>31,144</b>	<b>28,221</b>

### 5. Management and administration of the charity

Included within sundry income is £62,756 (2000: £57,512) 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	2001 £	2000 £
The following grants were awarded during the year:		
552 (2000: 532) miscellaneous grants amounting to	176,809	173,479
799 (2000: 764) fixed amount Christmas grants		
totalling	159,800	168,080
Less: Outstanding Cheques written back	(400)	-
	<b>336,209</b>	<b>341,559</b>

Boots Group Benevolent Fund also grant interest free loans to employees. During the year 25 loans were granted amounting to £11,738 and £5,613 has been repaid. Of the loans granted in this year and in previous years, one is considered to be irrecoverable and has been provided for.

# THE BOOTS GROUP BENEVOLENT FUND

## Notes to the Financial Statements

Year ended 31st March 2001

### 7. Prior year adjustment

Investment assets have been restated from historic cost to market value in accordance with the Statement of Recommended Practice on Accounting and Reporting by Charities.

The effect is as follows:

	£
Market value of investments at 1st April 1999 (see note 8)	626,622
Book value of investments at beginning of period	(21,298)
	<u>605,324</u>

Investments have been reclassified from Current asset investments to Fixed asset investments as there is no intention to realise them without reinvestment of the sale proceeds.

The effect of the change in presentation has been to increase fixed assets and reduce net current assets by £600,779 (2000 - £622,102).

8. Fixed asset investments	2001 £	2000* £
UK Quoted Investments	-	622,102
Charities Official Investment Fund	600,779	-
	<u>600,779</u>	<u>622,102</u>
Market value at 1st April	622,102	626,622
Additions at cost	674,328	-
Disposals at opening market value	(622,102)	-
Net loss on revaluation (see note 14)	(73,549)	(4,520)
<b>Market value at 31st March</b>	<u>600,779</u>	<u>622,102</u>
Historical cost at 31st March	<u>674,328</u>	<u>21,298</u>

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

Imperial Chemical Industries	-	32,823
Astra Zeneca	-	158,662
BP Amoco	-	167,680
Prudential	-	190,814
Unilever	-	44,835
Charities Official Investment Fund	600,779	-

\* Restated

**THE BOOTS GROUP BENEVOLENT FUND**

**Notes to the Financial Statements**

Year ended 31st March 2001

<b>9. Debtors</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Tax receivable	-	192
Staff loans	7,122	13,407
Accrued income	5,841	4,902
	<u>12,963</u>	<u>18,501</u>

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

<b>10. Cash in bank and in hand</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Deposit accounts:		
Charities Official Investment Fund	197,923	218,833
Reserve account	89,219	75,491
Others:		
Cash in hand	500	275
	<u>287,642</u>	<u>294,599</u>

<b>11. Creditors: Amounts falling due within one year</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts (bank current account)	5,069	2,563
Taxation and social security	123	123
Loan advances	4,787	9,366
	<u>9,979</u>	<u>12,052</u>

# THE BOOTS GROUP BENEVOLENT FUND

## Notes to the Financial Statements

Year ended 31st March 2001

### 12. 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.

13. Funds	Restricted £	Unrestricted £	Total £
As at 1st April 2000	3,155	919,995	923,150
Movement	-	(31,745)	(31,745)
<b>At 31st March 2001</b>	<b>3,155</b>	<b>888,250</b>	<b>891,405</b>

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.

### 14. Reconciliation of movements in unrealised gains or (losses) on investment assets

	£
Unrealised gains at 1 April 2000	600,804
Nominal value of shares disposed	21,298
Deduction in respect of disposals in the year	(622,102)
Add net loss arising on investments in the year	(73,549)
<b>Unrealised losses at 31st March 2001 (see note 8)</b>	<b>(73,549)</b>

### 15. Trustees' remuneration

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

# THE BOOTS GROUP BENEVOLENT FUND

## Notes to the Financial Statements

Year ended 31st March 2001

### 16. 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 2001 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 SAYE option									
Ordinary shares 2001	Ordinary Shares 2000	Ordinary shares under options 2001	Average Option Price 2001	Exercised during the year	Exercise price	Market Price at date of exercise	Granted during the year	Lapsed during the year	Ordinary shares under options 2000
C E Bourque	-	-	-	-	-	-	-	663	663
J Craig	5	5	-	-	-	-	-	-	-
L V Davies	102	102	1,527	496p	-	-	-	-	1,527
J G Eardley	-	-	-	-	-	-	-	663	663
J J Lucey	-	1,543*	1,189	624p	1,514	410p	511p	-	2,703
D A Rollason	19,303	16,328	2,300	597p	831	415p	497p	-	3,131
P A Stretton	6,093	522	2,607	624p	5,571	350p	511p	-	8,708

\* Restated

The market price of the ultimate holding company's shares at 31st March 2001 was 627p. The range of market prices during the year was 479p to 649p. Prices shown for options exercised during the year represent the weighted average of prices. The average option price for 2001 represents the weighted average price for options outstanding at 31st March 2001.

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 2001

### 16. Trustees' 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 trustees have been granted conditional rights under the Long Term Bonus Scheme operated by The Boots Company PLC. 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 schemes commenced in April 1999 and April 2000).

	Conditional entitlement award under the Long Term Bonus Scheme				
	31st March 2001	Exercised during the year	Lapsed during the year	Granted during the year	31st March 2000
D A Rollason	10,332	3,395	-	4,522	9,205

The table below shows the number of shares in The Boots Company PLC (the ultimate holding company) that have been conditionally awarded to C E Bourque, L V Davies, J G Eardley, J J Lucey, D A Rollason and P A Stretton under The Boots Company All Employee Share Ownership Plan 2000. 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 2000			
	31st March 2001	Awarded during the year	31st March 2000
C E Bourque	42	42	-
L V Davies	42	42	-
J G Eardley	42	42	-
J J Lucey	42	42	-
D A Rollason	42	42	-
P A Stretton	42	42	-

As a potential beneficiary, each participant in the schemes is deemed to have an interest in a total of 20,159,866 ordinary shares of the company held by the following 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 Boots Company's All Employee Share Ownership Plan 2000).

\*Employee Share Ownership Plan

## THE BOOTS GROUP BENEVOLENT FUND

### • Notes to the Financial Statements

Year ended 31st March 2001

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#### 17. Ultimate holding company

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The charitable 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 2001.

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.