

**Cross and Herbert Limited**

**Directors' report and financial statements**

**30 June 1994**

Registered number 228286



# Cross and Herbert Limited

## Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1
Statement of directors' responsibilities	2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Statement of total recognised gains and losses	6
Historical cost profits and losses	6
Reconciliation of movements in shareholders' funds	6
Notes	7-10

# Cross and Herbert Limited

## Directors' report

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

### Principal activity

The company did not trade during the year.

### Results

The results for the year are set out on page 4. The directors do not recommend the payment of a dividend (1993: £Nil).

### Directors

The directors who served during the year were as follows:

AJ Lloyd  
PE Lloyd  
RG Turner  
SW Buckell  
RJ Steele (resigned 15 April 1994)

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

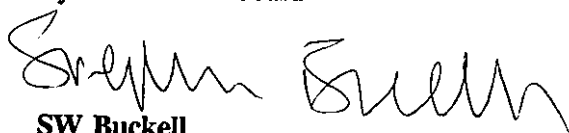
None of the directors had any interest in the share capital of the company at 30 June 1994.

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

### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick 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

12 October 1994

# Cross and Herbert Limited

## Statement of directors' responsibilities

The following statement, which should be read in conjunction with the report of the auditors set out on page 3, 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 year 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 year.

The directors consider that in preparing the financial statements set out on pages 4 to 10, 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.

Peat House  
2 Cornwall Street  
Birmingham  
B3 2DL

## Auditors' report to the members of Cross and Herbert Limited

We have audited the financial statements on pages 4 to 10.

### *Respective responsibilities of directors and auditors*

As described on page 2 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 result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



12 October 1994

*Chartered Accountants  
Registered Auditors*

# Cross and Herbert Limited

## Profit and loss account for the year ended 30 June 1994

	Note	1994 £	1993 £
Turnover	1	-	39,456,000
Cost of sales		-	(30,438,246)
<b>Gross profit</b>		-	9,017,754
Distribution costs		-	(6,961,025)
Administrative expenses		-	(120,004)
<b>Operating profit</b>		-	1,936,725
Loss on transfer of business	3	-	(4,307,573)
Loss on ordinary activities before interest		-	(2,370,848)
Interest payable	4	-	(98,926)
<b>Loss on ordinary activities before taxation</b>	5	-	(2,469,774)
Tax on loss on ordinary activities	6	-	767,645
<b>Loss on ordinary activities after taxation and loss for the financial year</b>	9	-	(1,702,129)

A statement of movements on reserves is given in note 9 to the financial statements.

# Cross and Herbert Limited

## Balance sheet at 30 June 1994

	<i>Note</i>	<b>1994</b> £	<b>1993</b> £
<b>Current assets</b>			
Debtors	7	<u>8,732,718</u>	<u>8,732,718</u>
<b>Capital and reserves</b>			
Called up share capital	8	106,500	106,500
Profit and loss account	9	<u>8,626,218</u>	<u>8,626,218</u>
<b>Total equity and non-equity shareholders' funds</b>	10	<u>8,732,718</u>	<u>8,732,718</u>

These financial statements were approved by the board of directors on 12 October 1994 and were signed on its behalf by:

**AJ Lloyd**  
Director



**MA Ward**  
Director



# Cross and Herbert Limited

## Statement of total recognised gains and losses for the year ended 30 June 1994

During the year ended 30 June 1994 there were no recognised gains or losses (1993: loss of £1,702,129).

## Historical cost profits and losses for the year ended 30 June 1994

	1994 £	1993 £
Reported loss before taxation	-	(2,469,774)
Realisation of revaluation reserve on fixed asset disposals	-	3,511,600
Historical cost profit before taxation	-	1,041,826
Historical cost profit for the year retained after taxation and dividends	-	1,809,471

## Reconciliation of movements in shareholders' funds for the year ended 30 June 1994

	1994 £	1993 £
Loss for the year after taxation	-	(1,702,129)
Goodwill reinstated on transfer of business	-	4,247,901
Net movement in shareholders' funds	-	2,545,772
Shareholders' funds at 1 July 1993	8,732,718	6,186,946
Shareholders' funds at 30 June 1994	8,732,718	8,732,718



# Cross and Herbert 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 in accordance with applicable Accounting Standards and under the historical cost convention.

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 Cross and Herbert Limited, 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.

#### *Leased assets*

Assets used by the company which have been funded through finance leases 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.

#### *Goodwill*

Goodwill relating to the acquisition of businesses is written off immediately against reserves.

#### *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.

#### *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 charge represents contributions payable by the company to the scheme.

# Cross and Herbert Limited

## Notes (continued)

### 2 Staff numbers and costs

The average number of persons employed by the company during the year was as follows:

	1994 Number	1993 Number
Dispensary, retail and distribution	-	1,206
The aggregate payroll costs of these persons were as follows:	£	£
Wages and salaries	-	3,867,363
Social security costs	-	275,244
Other pension costs	-	28,126
	-	4,170,733

### 3 Loss on transfer of business

On 30 June 1993 the activities of the company were integrated with those of the other companies within the chemist division of Lloyds Chemists plc. A loss before taxation of £4,307,573 arose on the transfer of the company's assets and liabilities.

### 4 Interest payable

	1994 £	1993 £
On bank loans and overdrafts	-	98,926

### 5 Loss on ordinary activities before taxation

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

	1994 £	1993 £
Depreciation of owned tangible fixed assets	-	244,374
Loss on sale of tangible fixed assets	-	16,630
Payments under operating leases:		
Land and buildings	-	1,262,062
Auditors' remuneration	-	10,000
Directors' emoluments	-	-
Rent receivable	-	(101,471)

# Cross and Herbert Limited

## Notes (continued)

6	Tax on loss on ordinary activities	1994 £	1993 £
	Tax on loss on ordinary activities of the company for the year:		
	Corporation tax at 33 % (1993: 33 %):		
	- current year	-	(810,910)
	- prior year	-	3,706
	Deferred taxation	-	39,559
		<hr/>	<hr/>
		-	(767,645)
		<hr/>	<hr/>
7	Debtors	1994 £	1993 £
	Amounts owed by fellow subsidiary undertakings	8,732,718	8,732,718
		<hr/>	<hr/>
8	Called up share capital	1994 £	1993 £
	<i>Authorised:</i>		
	Ordinary shares of £1 each	80,000	80,000
	4.2% cumulative preference shares of £1 each	34,500	34,500
		<hr/>	<hr/>
		114,500	114,500
		<hr/>	<hr/>
	<i>Allotted, called up and fully paid:</i>		
	Ordinary shares of £1 each	72,000	72,000
	4.2% cumulative preference shares of £1 each	34,500	34,500
		<hr/>	<hr/>
		106,500	106,500
		<hr/>	<hr/>
9	Reserves		Profit and loss account £
	At 1 July 1993 and at 30 June 1994		8,626,218
			<hr/>

# Cross and Herbert Limited

## Notes (continued)

### 10 Total equity and non-equity shareholders' funds

	1994 £	1993 £
Attributable to equity interests	8,698,218	8,698,218
Attributable to non-equity interests	34,500	34,500
	<u>8,732,718</u>	<u>8,732,718</u>

### 11 Commitments under operating leases

The annual commitments under non-cancellable leases are:

	Lease of land and buildings	
	1994 £	1993 £
Commitments which expire:		
Within one year	-	65,000
Between one and five years	-	51,000
After five years	-	907,000
	<u>-</u>	<u>1,023,000</u>

### 12 Contingent liabilities

The company guarantees the borrowings of other group companies which at 30 June 1994 amounted to £Nil (1993: £45,000,000).

### 13 Ultimate holding company

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

The results of the company 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.