

Norman Best Limited
Directors' report and financial statements
for the year ended 31 December 1999

Registered no: 384611



Norman Best Limited

Annual report for the year ended 31 December 1999

	<u>Pages</u>
Directors' report	1 - 3
Report of the auditors	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 14

Norman Best Limited

Directors' report for the year ended 31 December 1999

The directors present their report and the audited financial statements for the year ended 31 December 1999.

Results

Details of the results for the financial year are set out in the profit and loss account on page 5.

Principal activities

The principal activity of the company throughout the year was that of a retail chemist.

Review of business and future prospects

The directors expect the present level of activity to continue for the foreseeable future. The level of business and the year end financial position are considered to be satisfactory.

Dividends

The directors do not propose the payment of a final dividend (1998: £nil). No interim dividend was paid during the year (1998: £nil).

Directors

The directors of the company during the year ended 31 December 1999, all of whom have been directors for the whole of the year, except where otherwise stated, were as follows:

G. A. Kershaw
M. E. Major (resigned 30 June 1999)
S. M. Meister (resigned 1 January 1999)
G. V. Mischke (appointed 1 January 1999)
A. C. Sanders
J. M. Troughton

In accordance with the Articles of Association, none of the directors are required to retire at the annual general meeting.

Norman Best Limited

Directors' interests

According to the register kept under section 325 of the Companies Act 1985, no director had a notifiable interest in the shares of the company or other group companies at any time during the year. As permitted, the register does not contain details of directors' interests in parent undertakings which are incorporated outside Great Britain.

None of the directors had a material interest in any contracts with group companies.

Year 2000 compliance

The directors continue to be aware of the Year 2000 issue and have taken appropriate steps to deal with it. In particular, they are aware that the issue does not solely arise from the roll over of the date from 1999 to 2000 and that there are other potentially problematic dates both within the year 2000 and beyond.

It is believed that all significant assessment, rectification and testing work was completed during 1999 and since that date change no significant problems have manifested themselves. Nevertheless, systems are continually monitored and adequate resources are available to resolve any problems as they arise.

All software rectification costs to date have been charged to the profit and loss account. Replacement hardware has been capitalised and is being depreciated in accordance with normal group policies. As the assessment, rectification and testing process is believed to be complete, no significant future costs are anticipated.

The Euro

An initial assessment of the impact of the Euro on the UK group has been performed. In Ireland the Euro has now been introduced and plans are in place to support the future move to common notes and coins.

Within the United Kingdom, the assessment established that little immediate work was required in 1999 and accordingly no significant costs were borne during the year. A project group has been established within GEHE AG to consider and plan any necessary future work which may be required for subsidiaries based in countries not already participating in the Euro.

Norman Best Limited

Statement of directors' responsibilities

The directors are required by UK Company Law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

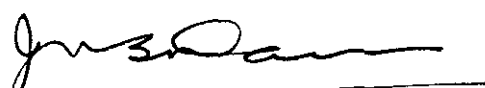
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1999. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

A resolution to re-appoint the auditors, PricewaterhouseCoopers, will be put to the members at the annual general meeting.

By order of the Board


J.R.B. Davies
Secretary
28 February 2000

Norman Best Limited

Report of the auditors to the members of Norman Best Limited

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom 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 United Kingdom 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 state of the company's affairs at 31 December 1999 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Birmingham
1 March 2000

Norman Best Limited

Profit and loss account for the year ended 31 December 1999

	Notes	1999 £'000	1998 £'000
Turnover	2	988	915
Cost of sales		(834)	(734)
Gross profit		154	181
Distribution costs		(125)	(114)
Administration expenses		(23)	(24)
Other operating income		29	-
Operating profit		35	43
Profit on ordinary activities before taxation	5	35	43
Tax on profit on ordinary activities	6	(5)	(10)
Retained profit for the financial year	14	30	33

All operations are continuing.

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the results above and the results on an unmodified historical cost basis.

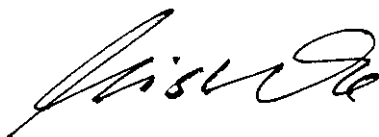
Norman Best Limited

Balance sheet at 31 December 1999

	Notes	1999 £'000	1998 £'000
Fixed assets			
Tangible assets	7	95	105
Investments	8	<u>14</u>	<u>14</u>
		<u>109</u>	<u>119</u>
Current assets			
Stocks	9	93	92
Debtors:			
Amounts falling due within one year	10	166	1
Amounts falling due after more than one year	10	<u>-</u>	<u>167</u>
		259	260
Creditors: amounts falling due within one year	11	<u>(9)</u>	<u>(50)</u>
Net current assets		<u>250</u>	<u>210</u>
Net assets		<u><u>359</u></u>	<u><u>329</u></u>
Capital and reserves			
Called-up share capital	13	7	7
Capital reserve	14	115	115
Capital redemption reserve	14	20	20
Profit and loss account	14	<u>217</u>	<u>187</u>
Equity shareholders' funds	15	<u><u>359</u></u>	<u><u>329</u></u>

The financial statements on pages 5 to 14 were approved by the board of directors on 1 March 2000 and were signed on its behalf by:

G.V. Mischke
Director



Norman Best Limited

Notes to the financial statements for the year ended 31 December 1999

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover comprises sales of goods and services at invoice value excluding value added tax.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation *deferred because of timing differences between the treatment of certain items for accounting and taxation purposes*. Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Tangible fixed assets

Tangible fixed assets are stated at cost, which comprises the purchase cost together with any incidental expenses of acquisition.

Depreciation is calculated by reference to the expected lives of the assets concerned. The following rates are applied:

Freehold buildings	2% straight line
Plant and equipment	10% - 33.3% straight line
Fixtures and fittings	10% - 33.3% straight line
Motor vehicles	25% straight line

Norman Best Limited

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

Leased assets

All leases are operating leases and the rental costs are charged to the profit and loss account on a straight line basis over the lease term.

Cash flow statement

The company takes advantage of the exemption in FRS 1 (revised) not to prepare a cash flow statement on the grounds that the company is a wholly owned subsidiary whose ultimate parent prepares consolidated financial statements which are publicly available.

Pensions

The company participates in two schemes operated by AAH Limited, one defined contribution and one defined benefit.

The charge to the profit and loss account in respect of the defined contribution scheme represents the amounts payable in an accounting period. Contributions to the defined benefit scheme are determined by a professionally qualified actuary and are based on the pension costs across the group as a whole. They are charged to the profit and loss account so as to spread the pension cost over the expected service lives of employees currently participating in the schemes.

Further details are given in note 16 to the financial statements.

Investments

Investments are included in the balance sheet at their cost of acquisition. Where appropriate, provision is made for any impairment in their value.

2 Turnover

All turnover relates to the provision of healthcare services in the United Kingdom.

3 Directors' emoluments

The emoluments of Mr Mischke and Mr Kershaw are paid by a fellow group company (AAH Subsidiaries Limited) which makes no recharge to the company. Mr Mischke and Mr Kershaw are directors of a number of fellow group companies and it is not possible to make an accurate apportionment of their emoluments in respect of each of the companies. Accordingly, no emoluments in respect of Mr Mischke and Mr Kershaw are disclosed. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of AAH Subsidiaries Limited.

The emoluments of the remaining directors are paid by a fellow group company (Lloyds Pharmacy Limited) which makes no recharge to the company. Their total emoluments are disclosed in the aggregate of directors' emoluments disclosed in the financial statements of Lloyds Pharmacy Limited.

4 Employee information

The average weekly number of persons (including executive directors) employed during the year was:

	1999	1998
By function:		
Selling and distribution	4	5
Administration	-	1
	<u>4</u>	<u>6</u>

Staff costs for the above persons were:

	1999 £'000	1998 £'000
Wages and salaries	103	76
Social security costs	1	2
Other pension costs (see note 16)	-	1
	<u>104</u>	<u>79</u>

Norman Best Limited

5 Profit on ordinary activities before taxation

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

	1999 £'000	1998 £'000
Depreciation - tangible owned fixed assets	9	9
Auditors' remuneration for audit	5	9
Loss on sale of fixed assets	<u>4</u>	<u>-</u>

6 Taxation on profit on ordinary activities

	1999 £'000	1998 £'000
UK corporation tax at 30.25% (1998: 31%)	12	14
ACT recovered	<u>(7)</u>	<u>(4)</u>
	<u>5</u>	<u>10</u>

7 Tangible fixed assets

	Freehold land and buildings £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 1999	90	80	10	180
Additions	-	4	-	4
Disposals	-	(6)	-	(6)
At 31 December 1999	<u>90</u>	<u>78</u>	<u>10</u>	<u>178</u>
Depreciation				
At 1 January 1999	3	62	10	75
Charge for year	2	7	-	9
Disposals	-	(1)	-	(1)
At 31 December 1999	<u>5</u>	<u>68</u>	<u>10</u>	<u>83</u>
Net book value				
At 31 December 1999	<u>85</u>	<u>10</u>	<u>-</u>	<u>95</u>
At 31 December 1998	<u>87</u>	<u>18</u>	<u>-</u>	<u>105</u>

Norman Best Limited

8 Investments

Unlisted investments

Cost and net book value:

At 1 January 1999 and 31 December 1999

£'000

14

In the opinion of the directors the value of the unlisted investments is not less than the value stated in the balance sheet.

9 Stocks

Finished goods and goods for resale

1999
£'000

1998
£'000

93

92

10 Debtors

Amounts falling due within one year:

Amounts owed by parent and fellow subsidiaries

Prepayments and accrued income

1999
£'000

1998
£'000

166

-

-

1

166

1

Amounts falling due after more than one year:

Amounts owed by parent and fellow subsidiaries

-

167

Norman Best Limited

11 Creditors

	1999 £'000	1998 £'000
Amounts falling due within one year:		
Amounts owed to parent and fellow subsidiaries	-	20
Amounts owed to other group companies	-	14
Corporation tax	9	7
Accruals and deferred income	-	9
	<u>9</u>	<u>50</u>

12 Deferred taxation

The company had no actual or potential liability for deferred taxation at 31 December 1999 (1998: £nil).

13 Called-up share capital

	1999 £'000	1998 £'000
Authorised		
7,000 ordinary shares of £1 each	7	7
23,000 preference shares of £1 each	<u>23</u>	<u>23</u>
	<u>30</u>	<u>30</u>
Authorised, allotted, called up and fully paid		
6,952 ordinary shares of £1 each	<u>7</u>	<u>7</u>

Norman Best Limited

14 Reserves

	Capital reserve £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 January 1999	115	20	187
Retained profit for the financial year	-	-	30
At 31 December 1999	<u>115</u>	<u>20</u>	<u>217</u>

15 Reconciliation of movements in shareholders' funds

	1999 £'000	1998 £'000
Profit for the financial year	30	33
Opening shareholders' funds	<u>329</u>	<u>296</u>
Closing shareholders' funds	<u>359</u>	<u>329</u>

16 Pension obligations

Some employees are members of the AAH Limited defined contribution and defined benefit schemes. Details of these group schemes are given in the financial statements of AAH Limited.

The company provides no other post retirement benefits to its employees.

Norman Best Limited

17 Financial commitments

At 31 December 1999 the company had no annual commitments under non-cancellable operating leases (1998: £nil).

18 Capital commitments

The company had no capital commitments at 31 December 1999 (1998: £nil).

19 Related party transactions

The company has taken advantage of the exemption under FRS 8 from disclosure of intra-group transactions and balances as these are eliminated on consolidation in the financial statements of the ultimate parent undertaking.

20 Ultimate parent undertaking and ultimate controlling party

In the opinion of the directors the company's ultimate controlling party is the ultimate parent undertaking, Franz Haniel & Cie GmbH, a company registered in Germany, by virtue of its majority shareholding in the intermediate parent GEHE AG and its consolidation of the GEHE AG Group results into its own consolidated financial statements.

Consolidated financial statements for the largest group of undertakings are prepared by Franz Haniel & Cie GmbH and may be obtained from Franz Haniel Platz 1, D47119 Duisburg, Ruhrort, Germany.

Consolidated accounts for the smallest group of companies are prepared by GEHE AG and may be obtained from GEHE AG, Neckartalstrasse 155, D-70376 Stuttgart, Germany.