

Savers Health and Beauty Limited
Annual Report and Financial Statements
for the year ended 27 December 2008

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Savers Health and Beauty Limited
Annual Report and Financial Statements
for the year ended 27 December 2008
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Savers Health and Beauty Limited

Directors' report for the year ended 27 December 2008

The directors present their report and the audited financial statements of the company for the year ended 27 December 2008.

Principal activities

The principal activity of the company is that of operating retail health and beauty discount stores.

Ownership

The company is a wholly owned subsidiary of A.S. Watson (Health & Beauty UK) Limited, a company registered in the United Kingdom.

Business review and principal activities

The company operates a chain of health & beauty discount stores across the UK throughout the year. The result was a pre-tax loss of £18.1m (2007: £45.9m loss) for the year and sales of £161.0m (2007: £180.3m). During the year, in pursuance of the company's strategy, the company's store portfolio was reduced by the year end to 234 trading stores (2007: 241 trading stores).

The directors are pleased to report that, with effect from 19 March 2008, the company has entered into an agreement with a group company which has made available an interest-free credit facility of up to £50m maturing on 30 June 2012.

Exceptional items

The directors have carried out an impairment review of the tangible assets held at loss-making stores in accordance with FRS11 "Impairment of Fixed Assets and Goodwill" and have reduced the impairment provision by £3,179,000 to £7,395,000 (2007 increase: £10,574,000).

Dividends

The company did not pay a dividend in 2008 (2007: £Nil), and none is proposed.

Business environment

The UK health & beauty market (excluding cosmetics and fragrances) grew by 1.7% in 2008 to £12,594m. With the difficult economic climate being experienced, particularly in the second half of the year, retailers and manufacturers are continuing to use price-based promotions to drive higher volumes.

The grocers have gained further share through expansion of their store estates and by extending their diversification into new markets. This is taking sales away from high street specialists and forcing the latter to maintain lower prices – at least in widely available and commodity products.

Mass market and value positioning have become increasingly challenging. With out-of-town grocers taking such a large share of the market, it is becoming more difficult for the smaller retailers to achieve a relevant enough proposition on the high street to attract footfall and sales volumes. Price competition in the mainstream and value brands puts pressure on margins in these sectors.

Strategy

The company's strategy has been based on three principal drivers:

1. store locations in secondary sites with lower rents
2. prices of branded products significantly below the competition
3. good store standards providing a convenient enjoyable experience

From 2006, with the increasing price competitiveness of the UK market, trading has been difficult. The out-of-town grocers have continued with their ongoing focus on their non-food offer, further expansion of their store portfolio and more increasingly have introduced discounted lines. Alongside this sales and margin pressure, the major costs of rent and wages increased above inflation due to reviews and the national minimum wage.

Savers Health and Beauty Limited

Directors' report (continued)

2007 was a year of major transition and change for the business with the consolidation of the central and distribution functions within the A.S. Watson UK health and beauty businesses, the restructuring of the property portfolio and the focus on returning the product offering to major brands at good prices.

In 2008, the consolidation was completed and the new management team focused on improving sales through returning the product offering to major brands at discounted prices, improving business processes and rebuilding the team through intensive training and coaching.

Whilst the company has again incurred a large operating loss before exceptionals, interest and tax of £20.9m in 2008 (2007: £32.9m), in the second half of 2008 the business commenced to see a significant and regular increase in like-for-like sales in excess of 10%. Margins have also improved significantly and operating overheads have been reduced. The directors are confident that the business is making progress towards profitability and the strategy and format is well placed in the current economic climate. However the high street environment is challenging and unstable with increased competition from general discounters.

Principal risks and uncertainties

The directors of the company's parent company, A.S. Watson (Health & Beauty UK) Limited, manage the group's risks at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of the Savers Health and Beauty Limited business. The principal risks and uncertainties of A.S. Watson (Health & Beauty UK) Limited, which include those of the company, are discussed in the directors' report of the group's annual report which does not form part of this report.

Key performance indicators ("KPIs")

The directors monitor progress on the company's performance by reference to the following KPIs:

	Year ended 27 December 2008	Year ended 29 December 2007
• Turnover	£161.0m	£180.3m
• Gross margin (%)	21.6%	16.5%
• Operating loss before exceptionals, interest and tax	£20.9m	£32.9m
• Net debt at year end	£25.0m	£23.6m
• Total shareholders' deficit	(£36.0m)	(£26.2m)

Going concern

As stated in the Statement of Accounting Policies, the directors note that there is an excess of liabilities over assets on the balance sheet, and that the company is making losses. The financial statements have been prepared on the going concern basis which the directors believe to be appropriate having received assurances from group undertaking A. S. Watson (Health & Beauty UK) Limited as detailed in the Statement of Accounting Policies.

Savers Health and Beauty Limited

Directors' report (continued)

Policy and practice on payment of creditors

The company's current policy on payment of its creditors is to pay all sums as they fall due taking all prompt payment discounts available. At the year end, there were 32 days (2007: 28 days) purchases in trade creditors.

Political and charitable contributions

During the year the company made one charitable contributions to the Superdrug Charity Ball of £11,000 (2007: £Nil) and no political contributions (2007: £Nil).

Directors

The directors who held office during the year and up to the date of signing these accounts, unless where stated, were as follows:

DKM Lai

EA Sutherland Resigned 18 April 2008

JP Seigal Appointed 18 April 2008

AMYY So Resigned 01 May 2008

KTM Ying Appointed 01 May 2008, resigned 01 February 2009

AJ Heaton Appointed 01 February 2009

NL Page Resigned 20 June 2008

GG Smith Appointed 20 June 2008

As permitted by s310(3)(a) of the Companies Act 1985, the company maintains Directors' and Officers' Liability insurance which provides insurance cover against liabilities which directors and other officers of the company may incur personally as a consequence of claims made against them alleging breach of duty or other unlawful acts or omissions in their capacity as directors and officers.

Employees

Applications for employment by disabled persons are always fully considered. Employment policies are designed to provide opportunities irrespective of colour, ethnic or national origin, nationality, sex or marital status. In the event of employees becoming disabled every effort is made, including appropriate training, to ensure that their employment with the company continues. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through newsletters, briefing groups and distribution of the annual report.

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

Savers Health and Beauty Limited

Directors' report (continued)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements (continued)

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each director, as at the date of the approval of this report has confirmed that in so far as they are aware there is no relevant audit information (this is information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the Annual General Meeting.

By order of the Board



JP Seigal
Director

9 July 2009

Savers Health and Beauty Limited

Independent auditors' report to the members of Savers Health and Beauty Limited

We have audited the financial statements of Savers Health and Beauty Limited for the year ended 27 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, Statement of Accounting Policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

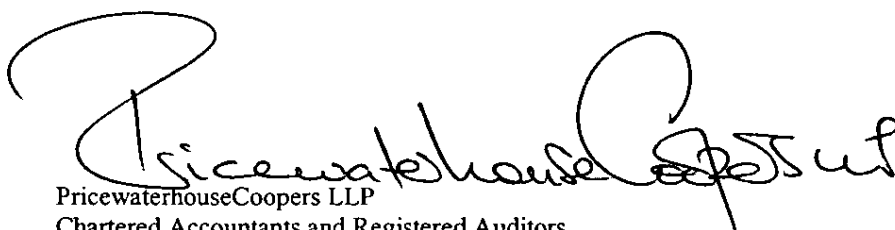
Savers Health and Beauty Limited

Independent auditors' report to the members of Savers Health and Beauty Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 27 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Gatwick

10 July 2009

Savers Health and Beauty Limited

Profit and loss account for the year ended 27 December 2008

	Note	2008 £'000	2007 £'000
Turnover	1	161,024	180,268
Cost of sales		(126,248)	(150,487)
Gross profit		34,776	29,781
Distribution costs		(50,163)	(54,703)
Administrative expenses		(5,501)	(7,946)
Exceptional administrative credit/(expenses)	3	3,179	(11,707)
Operating loss		(17,709)	(44,575)
Interest payable and similar charges	6	(406)	(1,307)
Loss on ordinary activities before taxation	2	(18,115)	(45,882)
Tax on loss on ordinary activities	7	8,316	9,616
Loss on ordinary activities after taxation	17	(9,799)	(36,266)

All activities of the company are continuing.

There are no recognised gains or losses other than those included above and therefore a separate statement of total recognised gains and losses has not been presented.

There is no difference between the loss on ordinary activities before taxation and the loss sustained for the year stated above and their historical cost equivalents.

Savers Health and Beauty Limited

Balance sheet as at 27 December 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	9	9,437	8,859
Investments	10	7	7
		<u>9,444</u>	<u>8,866</u>
Current assets			
Stocks	11	35,994	26,866
Debtors	12	31,047	26,199
Cash at bank and in hand		19,989	2,775
		<u>87,030</u>	<u>55,840</u>
Creditors: amounts falling due within one year	13	(87,055)	(87,683)
Net current liabilities		<u>(25)</u>	<u>(31,843)</u>
Total assets less current liabilities		<u>9,419</u>	<u>(22,977)</u>
Creditors: amounts falling due after one year	14	(45,000)	-
Provisions for liabilities and charges	15	(444)	(3,249)
Net liabilities		<u>(36,025)</u>	<u>(26,226)</u>
Capital and reserves			
Called up share capital	16	1,400	1,400
Share premium account	17	3	3
Profit and loss account	17	(37,428)	(27,629)
Total equity shareholders' deficit	18	<u>(36,025)</u>	<u>(26,226)</u>

The financial statements on pages 7 to 21 were approved by the board of directors and were signed on its behalf by:



JP Seigal
Director

9 July 2009

Savers Health and Beauty Limited

Statement of accounting policies

Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention. The financial statements are prepared in accordance with the Companies Act 1985 and with applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The directors note that there is an excess of liabilities over assets on the balance sheet, and that the company is making losses. The financial statements have been prepared on the going concern basis which the directors believe to be appropriate having received the following assurances from group undertaking A. S. Watson (Health & Beauty UK) Limited.

The company is currently partly dependent for its capital and funds provided to it by A. S. Watson (Health & Beauty UK) Limited. The company has been provided with assurances by the group undertaking that for at least 12 months from the date of approval of these financial statements, they will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available.

The company prepares its financial statements for the financial year ending on the nearest Saturday to 31 December of a given calendar year.

Group accounts

The financial statements contain information about Savers Health and Beauty Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 228 of the Companies Act 1985 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of A.S. Watson (Health & Beauty UK) Limited.

Turnover

Turnover represents retail sales to customers and is measured at the fair value of the consideration received or receivable. It represents amounts receivable for goods sold in the normal course of business, net of returns, and is stated net of value added tax. The company regularly operates a variety of sales promotions that give rise to goods being sold at a discount to standard retail price. Turnover reflects retail sales net of all related discounts. Retail sales are usually in cash or by credit or debit card. It is the company's policy to sell its products to the customer with a right of return. Based on accumulated experience no provision is made for such returns at the time of sale.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company in respect of the current period. The assets of the pension scheme are held separately from those of the company in a separately administered fund.

Savers Health and Beauty Limited

Statement of accounting policies (continued)

Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling on the balance sheet date. All gains and losses are taken to the profit and loss account.

Intangible fixed assets

Intangible assets represent purchased goodwill, being the excess of the fair value of the consideration given over the fair value of the separable net assets acquired on the acquisition of a business or company. Fair values are attributed to the identifiable assets and liabilities that existed at the date of acquisition reflecting their condition at that date.

Purchased goodwill is amortised through the profit and loss account on a straight line basis over a period of 20 years, which is considered by management to be a fair reflection of the useful economic life of the underlying assets acquired.

Intangible fixed assets are subject to review for impairment in accordance with FRS11 "Impairment of Fixed Assets and Goodwill". Any impairment is recognised in the profit and loss account in the year in which it occurs.

Tangible fixed assets and depreciation

The cost of fixed assets comprises their purchase cost together with any incidental costs of acquisition.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	50 years
Leasehold land and buildings	life of lease
Fixtures, fittings and equipment	4 to 10 years

No depreciation is provided on freehold land.

Leasehold land and buildings cost include lease premiums and legal and professional costs associated with the acquisition and transfer of leases.

Tangible fixed assets are subject to review for impairment in accordance with FRS11 "Impairment of Fixed Assets and Goodwill". Any impairment is recognised in the profit and loss account in the year in which it occurs.

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Savers Health and Beauty Limited

Statement of accounting policies (continued)

Investment in subsidiary undertakings

Investments in subsidiary are held at cost less any provision for diminution in value.

Stocks

Stocks are stated at the lower of cost and net realisable value, with cost valued on a first-in, first-out basis.

Provision is made where necessary for obsolete, slow moving and defective stocks.

Deferred taxation

Deferred tax is provided in full on an undiscounted basis, on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of A.S. Watson (Health & Beauty UK) Limited and is included in the latter company's consolidated financial statements which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with group companies.

Savers Health and Beauty Limited

Notes to the financial statements for the year ended 27 December 2008

1 Turnover

The total turnover of the company for the year has been derived from its principal activity, which is wholly undertaken in the United Kingdom.

2 Loss on ordinary activities before taxation

	2008 £'000	2007 £'000
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Rental income	(216)	(443)
Auditors' remuneration:		
- Audit	73	104
- Services relating to taxation compliance	-	25
Amortisation of goodwill	-	858
Depreciation of owned tangible fixed assets	3,413	4,478
Exceptional items (see note 3)	(3,179)	11,707
Operating lease rentals:		
- Plant and machinery	397	514
- Others	15,331	17,074

3 Exceptional items

Impairment reviews are carried out on an annual basis to ensure that the carrying value of intangible and tangible assets are still appropriate. The directors have carried out an impairment review of the tangible assets held at loss-making stores in accordance with FRS11 "Impairment of Fixed Assets and Goodwill" and have reduced the impairment provision by £3,179,000 to £7,395,000 (2007 increase: £10,574,000).

Impairment (credit)/charge to the profit and loss account	2008 £'000	2007 £'000
Tangible fixed assets of stores	(3,179)	10,574
Goodwill (note 8)	-	858
Investment in subsidiary (note 10)	-	275
	(3,179)	11,707

Savers Health and Beauty Limited

Notes to the financial statements for the year ended 27 December 2008 (continued)

4 Directors' emoluments

In 2007 and 2008 no emoluments were paid or payable by the company to the directors, who are remunerated for their services by other group companies.

5 Staff numbers and costs

The average monthly staff numbers for the year were:

By activity:	2008 Number	2007 Number
Stores	2,528	2,737
Administration	-	12
Distribution	-	109
	2,528	2,858

In 2008 the administration and distribution functions are provided by group companies.

The aggregate payroll costs of the company's staff were as follows:

	2008 £'000	2007 £'000
Wages and salaries	19,629	20,775
Social security costs	1,055	1,269
Other pension costs	98	63
	20,782	22,107

The cost of contributions to the defined contribution scheme amounts to £97,822 (2007: £63,256).

Savers Health and Beauty Limited

Notes to the financial statements for the year ended 27 December 2008 (continued)

6 Interest payable and similar charges

	2008 £'000	2007 £'000
Interest payable to group undertakings	-	930
Interest payable on bank overdraft	396	283
Other interest	10	94
	406	1,307

7 Tax credit on loss on ordinary activities

(a) Analysis of credit for the year

	2008 £'000	2007 £'000
Current tax		
UK corporation tax	(5,322)	(9,009)
Adjustments to tax charge in respect of previous periods	-	175
Total current tax	(5,322)	(8,834)
Deferred tax		
Origination and reversal of timing differences	(2,994)	(782)
Tax on loss on ordinary activities	(8,316)	(9,616)

Savers Health and Beauty Limited

Notes to the financial statements for the year ended 27 December 2008 (continued)

7 Tax credit on loss on ordinary activities (continued)

(b) Factors affecting tax credit for the year

The tax assessed for the year is different than the standard rate of corporation tax in the UK. The differences are explained below:

	2008 £'000	2007 £'000
Loss on ordinary activities before tax	(18,115)	(45,882)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2007: 30%)	(5,072)	(13,765)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	67	41
Exceptional items not deductible	(890)	3,512
Capital allowances for the year less than depreciation	573	1,203
Adjustments to tax charge in respect of previous periods	-	175
Current tax credit for the year	(5,322)	(8,834)

(c) Factors that may affect future tax charges

There are no factors which are expected to significantly affect the future tax charge.

8 Intangible assets

	Goodwill £'000
Cost	
At 27 December 2008 and at 29 December 2007	1,003
Amortisation	
At 27 December 2008 and 29 December 2007	1,003
Net book value at 27 December 2008	-
Net book value at 29 December 2007	-

The directors consider that the goodwill arising on the company's investment in its dormant subsidiary, Crosby's Limited, no longer has any value.

Savers Health and Beauty Limited

Notes to the financial statements for the year ended 27 December 2008 (continued)

9 Tangible assets

	Land and buildings £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost			
At 30 December 2007	3,151	36,204	39,355
Additions	-	1,484	1,484
Disposals	(10)	(3,698)	(3,708)
Intra-group transfers	-	98	98
At 27 December 2008	3,141	34,088	37,229
Depreciation			
At 30 December 2007	564	29,932	30,496
Charge for year	47	3,366	3,413
Provision for impairment (note 3)	-	(3,179)	(3,179)
Disposals	(10)	(2,982)	(2,992)
Intra-group transfers	-	54	54
At 27 December 2008	601	27,191	27,792
Net book value			
At 27 December 2008	2,540	6,897	9,437
At 29 December 2007	2,587	6,272	8,859

Tangible fixed assets include intra-group transfers of assets to Superdrug Stores plc representing the net book value of stores transferred to that company.

The net book value of land and buildings comprises:

	2008 £'000	2007 £'000
Freehold	2,518	2,559
Short leasehold	22	28
	2,540	2,587

Savers Health and Beauty Limited

Notes to the financial statements for the year ended 27 December 2008 (continued)

10 Investments

	£'000
Cost	
At 27 December 2008 and at 29 December 2007	<u>282</u>
Provision for impairment	
At 27 December 2008 and at 29 December 2007	<u>275</u>
Net book value	
At 27 December 2008	<u>7</u>
At 29 December 2007	<u>7</u>

The company holds 100 ordinary shares of £1 each in Nisa-Today's (Holdings) Limited, which represents 0.167% of that company's issued share capital. The directors believe that the book value of the investment is supported by the underlying assets.

Full provision has been made against the company's investment in its dormant subsidiary undertaking, Crosby's Limited.

11 Stocks

	2008 £'000	2007 £'000
Finished goods and goods for resale	<u>35,994</u>	<u>26,866</u>

The value of stocks in the balance sheet is not materially different from the replacement cost.

12 Debtors

	2008 £'000	2007 £'000
Trade debtors	3,202	664
Amounts owed by group undertakings	654	738
Corporation tax recoverable	17,956	16,047
Prepayments and accrued income	9,235	8,750
	<u>31,047</u>	<u>26,199</u>

Amounts owed by group undertakings are interest free and repayable on demand.

Savers Health and Beauty Limited

Notes to the financial statements for the year ended 27 December 2008 (continued)

13 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Bank overdraft	-	26,374
Trade creditors	13,367	8,864
Amounts owed to group undertakings	69,630	48,214
Other taxation and social security	1,039	2,071
Accruals and deferred income	3,019	2,160
	87,055	87,683

The company has a bank overdraft facility which is provided by National Westminster Bank plc and which is unsecured and repayable on demand. Interest is payable at National Westminster Bank plc base rate plus 1.25%. The company's banking arrangements are subject to a netting facility whereby credit balances may be offset against the indebtedness of its immediate parent company and fellow subsidiary undertakings.

14 Creditors: amounts falling after one year

	2008 £'000	2007 £'000
Amounts owed to group undertakings	45,000	-
	45,000	-

The company entered into a credit agreement with A.S. Watson (Health & Beauty UK) Limited, the parent company, with effect from 19 March 2008. Under the agreement, the parent company has agreed to make available to Savers Health and Beauty Limited an interest-free loan credit facility of up to £50,000,000, for the period from 19 March 2008 maturing on 30 June 2012.

Savers Health and Beauty Limited

Notes to the financial statements for the year ended 27 December 2008 (continued)

15 Provisions for liabilities and charges

	Idle & Closure costs £'000	Deferred taxation £'000	Total £'000
At 30 December 2007	(317)	(2,932)	(3,249)
Creation	(460)	-	(460)
Utilisation	128	-	128
Credit to the profit and loss account	143	2,994	3,137
At 27 December 2008	(506)	62	(444)

Deferred tax comprises:

	2008 £'000	2007 £'000
Accelerated capital allowances	62	(2,932)

16 Called up share capital

	2008 £'000	2007 £'000
Authorised		
1,545,000 (2007:1,545,000) ordinary shares of £1 each	1,545	1,545
	2008 £'000	2007 £'000
Allotted, called up and fully paid		
1,400,000 (2007: 1,400,000) ordinary shares of £1 each	1,400	1,400

Savers Health and Beauty Limited

Notes to the financial statements for the year ended 27 December 2008 (continued)

17 Reserves

	Share premium account £'000	Profit and loss account £'000
At 30 December 2007	3	(27,629)
Loss for the year	-	(9,799)
At 27 December 2008	3	(37,428)

18 Reconciliation of movements in total shareholders' deficit

	2008 £'000	2007 £'000
Opening shareholders' (deficit)/funds	(26,226)	10,040
Loss for the financial year	(9,799)	(36,266)
Closing shareholders' deficit	(36,025)	(26,226)

19 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2008 Land and buildings £'000	2007 Land and buildings £'000
Operating leases which expire:		
Within one year	1,298	774
In the second to fifth years inclusive	3,116	2,686
Over five years	8,699	10,416
	13,113	13,876

Savers Health and Beauty Limited

Notes to the financial statements for the year ended 27 December 2008 (continued)

20 Ultimate parent undertaking

The immediate parent undertaking is A.S. Watson (Health & Beauty UK) Limited, a company incorporated in the United Kingdom, which is the parent undertaking of the smallest group to consolidate these financial statements. Copies of this company's consolidated financial statements are available from Hutchison House, 5 Hester Road, Battersea, London SW11 4AN.

The Company's ultimate parent undertaking and controlling party is Hutchison Whampoa Limited, a company incorporated in Hong Kong, which is the parent undertaking of the largest group to consolidate their financial statements that can be obtained from 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong.