

1582190

# **Cardinal Health UK 425 Limited**

## **Report and Financial Statements**

30 June 2006



Registered No: 1582194

**Directors**

A Lawrence  
R J Yarwood

**Secretary**

A Lawrence

**Auditors**

Ernst & Young LLP  
Apex Plaza  
Reading  
Berkshire  
RG1 1YE

**Registered office**

Frankland Road  
Blagrove  
Swindon  
Wiltshire  
SN5 8YS

## Directors' report

The directors present their report and financial statements for the year ended 30 June 2006.

### Results and dividends

The profit for the year, after taxation, amounted to £120,694 (2005: loss of £1,403,035). The directors do not recommend the payment of a dividend (2005: nil).

### Principal activities and review of the business

The principal activity of the company during the year was previously the provision of confidential professional and scientific testing service, mainly to industry. In February 2005, the company's ultimate parent undertaking, Cardinal Health Inc. took a decision to discontinue the operations of the company with effect from June 2005.

With effect from 5 May 2005, the company disposed of substantially all of its business and the related net assets, to a third party for cash consideration of £1,400,000 which resulted in a loss on disposal of £1,703,589. Further details are included in note 4. The directors are now in the process of rationalising the company's residual net assets prior to determining the company's future, which may involve winding it up or maintaining dormant status.

The directors have considered and reviewed business risks relating Cardinal Health UK 425 Limited. At this time they do not consider that there are any risks solely in relation to Cardinal Health UK 425 Limited. A review of business risks within the UK Group, of which the company forms a part, has been included within Cardinal Health Holdings Limited.

On an annual basis the directors review the financial statements. The directors continually assess the performance of the company and the financing structure of the entity.

### Directors

The directors who served the company during the year were as follows:

A Lawrence  
R J Yarwood

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

### Directors' statement as to disclosure of information to auditors

The directors who were members of the Board at the time of approving the directors' report are listed on page 2. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

### Directors' indemnity insurance

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

## Directors' report

### Post balance sheet events

On 30 November 2006, Cardinal Health Inc announced plans to divest its Pharmaceutical Technologies and Services ("PTS") segment, which includes Cardinal Health UK 425 Limited. Cardinal Health Inc (the ultimate holding company) said the decision was made to focus its capabilities and resources to better serve health-care provider customers, such as hospitals and pharmacies. Further details of the sale arrangement will be announced in due course.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



A Lawrence  
Director

Date: 20/12/2006

## **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

United Kingdom company law requires the directors to prepare financial statements for each financial year which 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 year. 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

# **Independent auditors' report**

## **to the members of Cardinal Health UK 425 Limited**

We have audited the company's financial statements for the year ended 30 June 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the 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 company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and that the information given in the Directors' Report is consistent with the financial statements.

We also 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.

### **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.

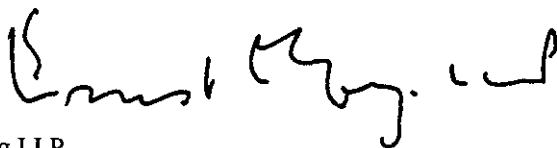
## Independent auditors' report

to the members of Cardinal Health UK 425 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 30 June 2006 and of its profit 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.



Ernst & Young LLP  
Registered Auditor  
Reading

20 December 2006  
Date: .....

## Profit and loss account

for the year ended 30 June 2006

|   | Notes | 2006<br>£ | 2005<br>£   |
|---|-------|-----------|-------------|
| <b>Turnover</b>   | 2     | -         | 2,120,990   |
| Cost of sales   |       | -         | 196,284     |
| <b>Gross profit</b>   |       | -         | 1,924,706   |
| Administrative expenses                                     |       | 53,787    | 2,143,566   |
| <b>Operating loss</b>                                       | 3     | (53,787)  | (218,860)   |
| Loss on disposal of discontinued operations                 | 4     | -         | (1,703,589) |
| Other operating income                                      |       | -         | 8,392       |
| Interest receivable and similar income                      | 7     | 197,882   | 154,432     |
| <b>Profit/(loss) on ordinary activities before taxation</b> |       | 144,095   | (1,759,625) |
| Tax on profit/(loss) on ordinary activities                 | 8     | 23,401    | (356,590)   |
| <b>Profit/(loss) retained for the financial year</b>        |       | 120,694   | (1,403,035) |

## Statement of total recognised gains and losses

for the year ended 30 June 2006

The company has no recognised gains or losses other than the profit of £120,694 for the year ended 30 June 2006 (2005 – loss of £1,403,035).



## Balance sheet

at 30 June 2006

|   | Notes | 2006<br>£        | 2005<br>£        |
|---|-------|------------------|------------------|
| <b>Current assets</b>                                 |       |                  |                  |
| Debtors   | 9     | 364,363          | 698,877          |
| Cash at bank and in hand                              |       | 2,893,044        | 4,123,469        |
|   |       | <u>3,257,407</u> | <u>4,822,346</u> |
| <b>Creditors:</b> amounts falling due within one year | 10    | 896,062          | 2,581,695        |
| <b>Net assets</b>                                     |       | <u>2,361,345</u> | <u>2,240,651</u> |
| <br><b>Capital and reserves</b>                       |       |                  |                  |
| Called up share capital                               | 13    | 51,006           | 51,006           |
| Profit and loss account                               | 14    | 2,310,339        | 2,189,645        |
| <b>Equity shareholders' funds</b>                     | 14    | <u>2,361,345</u> | <u>2,240,651</u> |

Approved by the Board



A Lawrence  
Director

Date: 20/11/2006

## Notes to the financial statements

at 30 June 2006

### 1. Accounting policies

#### **Basis of preparation**

The financial statements are prepared under the historical cost convention, in accordance with applicable accounting standards.

With effect from 5 May 2005, the company disposed of substantially all of its business and the related net assets, to a third party for cash consideration of £1,400,000 which resulted in a loss on disposal of £1,703,589. Further details are included in note 4. The directors are now in the process of rationalising the company's residual net assets prior to determining the company's future, which may involve winding it up or maintaining dormant status.

#### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Foreign currencies**

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 retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

## Notes to the financial statements

at 30 June 2006

### 2. Turnover

Turnover is stated net of value added tax and represents amounts invoiced to third parties in respect of the company's continuing operations.

Disclosure of analysis of turnover by geographical segment is omitted because the directors believe that disclosure would be seriously prejudicial to the interests of the company.

### 3. Operating loss

This is stated after charging:

|                                    | 2006<br>£ | 2005<br>£ |
|------------------------------------|-----------|-----------|
| Auditors' remuneration             | 12,950    | 11,000    |
| Depreciation of owned fixed assets | -         | 165,675   |

### 4. Loss on disposal of discontinued operations

The loss on disposal of discontinued operations in the prior year includes an amount of £1,351,700 in respect of the loss on the disposal of the company's fixed assets. The remaining £351,889 represents general closure costs, incurred on shutting down the company's operations.

### 5. Staff costs

|                       | 2006<br>£ | 2005<br>£ |
|-----------------------|-----------|-----------|
| Wages and salaries    | -         | 994,499   |
| Social security costs | -         | 109,833   |
| Other pension costs   | -         | 16,027    |
|                       | -         | 1,120,359 |

The monthly average number of employees during the year was as follows:

|                             | 2006<br>No. | 2005<br>No. |
|-----------------------------|-------------|-------------|
| Office and management staff | -           | 45          |

## Notes to the financial statements

at 30 June 2006

### 6. Directors' emoluments

|            | 2006<br>£ | 2005<br>£ |
|------------|-----------|-----------|
| Emoluments | -         | 182,915   |

The number of directors receiving contributions into the company pension scheme was nil (2005: nil)

The amounts in respect of the highest paid director are as follows:

|  | 2006<br>£ | 2005<br>£ |
|--|-----------|-----------|
| Emoluments   | -         | 112,177   |
| Value of company pension contributions to money purchase schemes | -         | -         |

### 7. Interest receivable and similar income

|                          | 2006<br>£ | 2005<br>£ |
|--------------------------|-----------|-----------|
| Bank interest receivable | 197,882   | 154,432   |

### 8. Tax

(a) Tax on profit/(loss) on ordinary activities  
The tax charge/(credit) is made up as follows:

|   | 2006<br>£ | 2005<br>£ |
|---|-----------|-----------|
| <i>Current tax:</i>   |           |           |
| UK corporation tax  | 43,229    | -         |
| Group relief recoverable                                      | -         | (306,854) |
| Adjustments in respect of previous periods                    | (65,990)  | 20,871    |
| Total current tax (note 8(b))                                 | (22,761)  | (285,983) |
| Deferred tax - origination and reversal of timing differences | 46,162    | (70,607)  |
| Tax on profit/(loss) on ordinary activities                   | 23,401    | (356,590) |

## Notes to the financial statements

at 30 June 2006

### 8. Tax (continued)

#### (b) Factors affecting current tax credit

The tax charge/(credit) for the year is lower (2005: higher) than the standard rate of corporation tax in the UK of 30% (2005 - 30%). The differences are reconciled below:

|   | 2006<br>£ | 2005<br>£   |
|---|-----------|-------------|
| Profit/(loss) on ordinary activities before taxation                    | 144,095   | (1,759,625) |
| Profit/(loss) on ordinary activities multiplied by standard rate of tax | 43,229    | (527,888)   |
| Accelerated capital allowances  | -         | 68,178      |
| Short-term timing differences   | (52,162)  | (8,362)     |
| Adjustments in respect of previous periods                              | (65,990)  | 20,871      |
| Expenses not deductible for tax purposes                                | 52,162    | 161,218     |
| Total current tax (note 8(a))   | (22,761)  | (285,983)   |

#### (c) Deferred tax

The movements on deferred tax are as follows:

|                                       | 2006<br>£ | 2005<br>£ |
|---------------------------------------|-----------|-----------|
| At 1 July 2005                        | (46,162)  | 24,445    |
| Deferred tax arising in the year      | 52,162    | (59,816)  |
| Adjustments in respect of prior years | (6,000)   | (10,791)  |
| At 30 June 2006                       | -         | (46,162)  |

The deferred tax asset at the end of the period consists of:

|                                       | 2006<br>£ | 2005<br>£ |
|---------------------------------------|-----------|-----------|
| Short term timing differences         | -         | (46,162)  |
| Total undiscounted deferred tax asset | -         | (46,162)  |

## Notes to the financial statements

at 30 June 2006

### 9. Debtors

|                                    | 2006<br>£      | 2005<br>£      |
|------------------------------------|----------------|----------------|
| Trade debtors                      | 70,841         | 333,921        |
| Amounts owed by group undertakings | 286,525        | 313,189        |
| VAT                                | 6,997          | 5,008          |
| Deferred taxation                  | -              | 46,162         |
| Prepayments and accrued income     | -              | 597            |
|                                    | <u>364,363</u> | <u>698,877</u> |

### 10. Creditors: amounts falling due within one year

|                                    | 2006<br>£      | 2005<br>£        |
|------------------------------------|----------------|------------------|
| Trade creditors                    | -              | 327              |
| Amounts owed to group undertakings | 836,651        | 2,408,111        |
| Corporation tax payable            | 43,229         | 64,803           |
| Accruals and deferred income       | 16,182         | 108,454          |
|                                    | <u>896,062</u> | <u>2,581,695</u> |

### 11. Pensions

The company operated a defined contribution pension scheme for its directors and employees in the prior year. The assets of the scheme are held separately from those of the company in an independently administered fund. The unpaid contributions at the year end, included in accruals and deferred income are £nil (2005: £nil)

### 12. Related party transactions

The company has taken advantage of the exemption in FRS 8, 'Related party disclosures', from disclosing transactions with other members of the group headed by Cardinal Health Inc.

## Notes to the financial statements

at 30 June 2006

### 13. Share capital

|                                   | 2006<br>£ | Authorised<br>2005<br>£ |
|-----------------------------------|-----------|-------------------------|
| 51,006 ordinary shares of £1 each | 51,006    | 51,006                  |

|                            | Allotted, called up and fully paid |        |        |
|----------------------------|------------------------------------|--------|--------|
|                            | 2006                               | 2005   |        |
|                            | No.                                | £      | No.    |
| Ordinary shares of £1 each | 51,006                             | 51,006 | 51,006 |

### 14. Reconciliation of shareholders' funds and movement on reserves

|                     | Share capital<br>£ | Profit and loss<br>account<br>£ | Total share-<br>holders' funds<br>£ |
|---------------------|--------------------|---------------------------------|-------------------------------------|
| At 1 July 2004      | 51,006             | 3,592,680                       | 3,643,686                           |
| Loss for the year   | -                  | (1,403,035)                     | (1,403,035)                         |
| At 30 June 2005     | 51,006             | 2,189,645                       | 2,240,651                           |
| Profit for the year | -                  | 120,694                         | 120,694                             |
| At 30 June 2006     | 51,006             | 2,310,339                       | 2,361,345                           |

### 15. Ultimate parent company

The group in which the results of Cardinal Health UK 425 Limited are consolidated is that headed by Cardinal Health Inc, the financial statements of which may be obtained from Cardinal Health Inc, 7000 Cardinal Place, Dublin, Ohio 43017, USA.

The directors regard the company's immediate parent undertaking to be Cardinal Health UK 435 Limited.

The directors regard Cardinal Health Inc, a company incorporated in the USA, as the ultimate parent undertaking.

### 16. Post balance sheet events

On 30 November 2006, Cardinal Health Inc announced plans to divest its Pharmaceutical Technologies and Services ("PTS") segment, which includes Cardinal Health UK 425 Limited. Cardinal Health Inc (the ultimate holding company) said the decision was made to focus its capabilities and resources to better serve health-care provider customers, such as hospitals and pharmacies. Further details of the sale arrangement will be announced in due course.