

**Barclay Pharmaceuticals Limited**

**Directors' report and financial statements**

**30 June 1994**

Registered number 2770716



# Barclay Pharmaceuticals Limited

## Directors' report and financial statements

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# Barclay Pharmaceuticals Limited

## Directors' report

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

### Principal activity and business review

On 30 June 1993 the undertakings of the constituent companies of the distribution division of Lloyds Chemists plc were transferred to the company. On 1 July 1993 the company commenced the distribution of pharmaceutical, medical and related products.

### Proposed dividend and transfer to reserves

The results for the year are set out on page 6. The directors propose the payment of a dividend of £15,000,000 (1993: £Nil). The retained profit of £19,506,000 is transferred to reserves.

### Significant changes in fixed assets

The changes in fixed assets are set out in notes 10 and 11 to the financial statements.

### Directors and directors' interests

The directors who held office during the year were as follows:

AJ Lloyd	
PE Lloyd	
RG Turner	
SW Buckell	
WI Jack	
CF Wilson	
MD Yorke	
DA Condliffe	
J Poole	
Mrs M Lloyd	
CP Gee	(appointed 28 February 1994)
RK Wood	(appointed 11 June 1994)
S Whetstone	(appointed 11 June 1994)
CJ Maddox	(resigned 19 May 1994)
RJ Steele	(resigned 15 April 1994)

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

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.

# Barclay Pharmaceuticals Limited

## Directors' report *(continued)*

### Directors and directors' interests *(continued)*

The interests of the other directors serving at the end of the year, in Lloyds Chemists plc, were as follows:

	Ordinary shares of 5p each Number		Executive Share Option Scheme Ordinary shares of 5p each Number		SAYE Share Option Scheme Ordinary shares of 5p each Number	
	1994	1993	1994	1993	1994	1993
WI Jack	1,025	1,000	80,000	30,000	10,182	10,182
CF Wilson	2,417	3,528	83,640	33,640	7,560	7,560
MD Yorke	-	88	10,000	5,000	-	-
DA Condliffe	50	8,450	10,000	5,000	10,182	10,182
J Poole	-	3,000	10,000	5,000	10,182	10,182
Mrs M Lloyd	1,000,000	1,000,000	91,200	41,200	7,560	7,560
CP Gee	-	-	-	-	-	-
RK Wood	-	-	-	-	-	-
S Whetstone	-	-	-	-	-	-

On 14 October 1993 the following share options were granted under the terms of the Lloyds Chemists plc Executive Share Option Scheme:

	Ordinary shares of 5p each Number 1994
WI Jack	50,000
CF Wilson	50,000
MD Yorke	5,000
DA Condliffe	5,000
J Poole	5,000
Mrs M Lloyd	50,000

### Liability insurance

Pursuant to Section 310 of the Companies Act 1985, the company maintains insurance for its directors and officers against the financial consequences of actions brought against them by outside parties for acts or omissions in the performance of their duties as directors or officers of the company.

# Barclay Pharmaceuticals Limited

## Directors' report *(continued)*

### Employees

The company has developed and maintained arrangements whereby employees are consulted and provided with information about current activities and progress within the company and with training to improve the operational efficiency of the company.

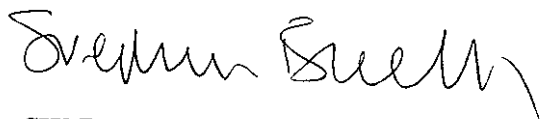
The company supports the employment of disabled people wherever possible, through recruitment, by retention of those who become disabled during their employment and generally through training, career development and promotion, having regard to their particular aptitudes and abilities.

It is company policy to provide equal employment opportunities without regard to race, religion, sex, national origin or age.

### Auditors

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

# Barclay Pharmaceuticals Limited

## Statement of directors' responsibilities

The following statement, which should be read in conjunction with the report of the auditors set out on page 5, 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 6 to 17, 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 Barclay Pharmaceuticals Limited

We have audited the financial statements on pages 6 to 17.

### *Respective responsibilities of directors and auditors*

As described on page 4 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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



*Chartered Accountants  
Registered Auditors*

12 October 1994

# Barclay Pharmaceuticals Limited

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

	Note	Continuing operations 1994 £'000
Turnover	1	620,154
Cost of sales		(532,638)
<b>Gross profit</b>		<b>87,516</b>
Distribution costs		(31,217)
Administrative expenses		(2,674)
<b>Profit on ordinary activities before interest</b>		<b>53,625</b>
Interest receivable	3	24
Interest payable	4	(1,536)
<b>Profit on ordinary activities before taxation</b>	5	<b>52,113</b>
Tax on profit on ordinary activities	7	(17,607)
<b>Profit on ordinary activities after taxation and for the financial year</b>		<b>34,506</b>
Dividends proposed	8	(15,000)
<b>Retained profit for the financial year</b>	18	<b>19,506</b>

A statement of movements on reserves is given in note 18 to the financial statements.

The effect of acquisitions on turnover and operating profit is considered to be not material.



# Barclay Pharmaceuticals Limited

## Balance sheet at 30 June 1994

	Note	£'000	1994 £'000	1993 £'000
<b>Fixed assets</b>				
Tangible assets	10		10,619	6,989
Investments	11		1,053	1,053
			<u>11,672</u>	<u>8,042</u>
<b>Current assets</b>				
Stocks	12	45,589	9,437	
Debtors	13	378,258	757,246	
Cash at bank and in hand		11,918	9,883	
		<u>435,765</u>	<u>776,566</u>	
<b>Creditors: amounts falling due within one year</b>	14	(409,258)	(760,266)	
<b>Net current assets</b>			<u>26,507</u>	<u>16,300</u>
<b>Total assets less current liabilities</b>			<u>38,179</u>	<u>24,342</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(268)	(257)
<b>Provisions for liabilities and charges</b>	16		(680)	(408)
<b>Net assets</b>			<u>37,231</u>	<u>23,677</u>
<b>Capital and reserves</b>				
Called up share capital	17		25,000	25,000
Goodwill write off reserve	18		(7,275)	(1,323)
Profit and loss account	18		19,506	-
<b>Total equity shareholders' funds</b>			<u>37,231</u>	<u>23,677</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

# Barclay Pharmaceuticals 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 other than the profit for the financial year of £34,506,000.

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

There is no difference between the historical cost profit on ordinary activities before taxation and that reported in the profit and loss account for the year ended 30 June 1994.

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

	1994 £'000
Profit for the year after taxation	34,506
Dividends proposed	(15,000)
	<hr/>
Goodwill written off	19,506
	(5,952)
	<hr/>
Net movement in shareholders' funds	13,554
Shareholders' funds at 1 July 1993	23,677
	<hr/>
Shareholders' funds at 30 June 1994	37,231
	<hr/>

# Barclay Pharmaceuticals 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 under the historical cost convention and in accordance with applicable Accounting Standards.

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 Barclay Pharmaceuticals Limited, and consequently, in accordance with Financial Reporting Standard Number 1, no cash flow statement is included in these financial statements.

#### *Turnover*

Turnover represents goods invoiced excluding value added tax. All sales were made in the United Kingdom.

#### *Depreciation and amortisation*

Depreciation is calculated so as to write off the cost of tangible fixed assets over their estimated useful lives. The principal rates used are as follows:

Freehold property	- nil
Short leasehold property	- period of the lease
Motor vehicles	- 25% on a reducing balance
Fixtures, fittings and equipment	- 10%-20% on a straight line basis

It is the policy of the company to maintain its properties in a state of good repair. Because of this, such properties maintain residual disposal values, based on prices prevailing at the date of purchase, at least equal to their book values and accordingly no provision for depreciation is made. Where there is a permanent diminution in the value of a property a charge is made to the profit and loss account.

#### *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.

# Barclay Pharmaceuticals Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value.

#### *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 cost charge represents contributions payable by the company to the scheme. Details of the scheme are set out in the Lloyds Chemists plc group financial statements.

### 2 Staff numbers and costs

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

	1994 Number
Administration	187
Distribution	1,602
	<hr/>
	1,789
	<hr/>

The aggregate payroll costs of these persons were as follows:

	£'000
Wages and salaries	17,603
Social security costs	1,655
Other pension costs	29
	<hr/>
	19,287
	<hr/>

### 3 Interest receivable

	1994 £'000
Bank interest	24
	<hr/>

# Barclay Pharmaceuticals Limited

## Notes (continued)

### 4 Interest payable

	1994 £'000
Bank overdrafts	1,412
Finance lease charges	124
	<hr/>
	1,536
	<hr/>

### 5 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging the following:

	1994 £'000
Directors' remuneration	455
Depreciation of fixed assets held under hire purchase agreements	350
Depreciation of owned tangible fixed assets	1,467
Payments under operating leases:	
Land and buildings	1,300
Plant and machinery	260
Auditors' remuneration	58
	<hr/>

### 6 Directors' emoluments

Excluding pension contributions, the emoluments of the chairman were £Nil and those of the highest paid director were £91,000. The emoluments of the directors were within the following ranges:

	Number
£0 - £5,000	6
£5,001 - £10,000	1
£15,001 - £20,000	1
£25,001 - £30,000	1
£50,001 - £55,000	3
£65,001 - £70,000	1
£70,001 - £75,000	1
£90,001 - £95,000	1
	<hr/>

# Barclay Pharmaceuticals Limited

## Notes (continued)

### 7 Tax on profit on ordinary activities

	1994 £'000
Taxation based on the profit for the financial year:	
Corporation tax at 33%	17,335
Deferred taxation	272
	<hr/> 17,607 <hr/>

### 8 Dividends

	1994 £'000
Ordinary shares:	
Final proposed	15,000
	<hr/>

### 9 Transfers of trade

On 30 June 1993 the undertakings of the constituent companies of the distribution division of Lloyds Chemists plc were transferred to the company. On 1 July 1993 the company commenced to trade.

The transfers were reflected in the financial statements as follows:

	£'000
Net tangible assets	28,149
Goodwill	1,323
	<hr/> 29,472 <hr/>
Intra-group current accounts	29,472
	<hr/>

# Barclay Pharmaceuticals Limited

## Notes (continued)

### 10 Tangible fixed assets

	Freehold properties £'000	Short leasehold properties £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost</b>					
At 1 July 1993	-	1,465	4,027	5,793	11,285
Additions	150	368	1,481	3,706	5,705
Intra-group transfers	-	-	(210)	(183)	(393)
Disposals	-	-	(207)	-	(207)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1994	150	1,833	5,091	9,316	16,390
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1 July 1993	-	250	1,985	2,061	4,296
Charge for the year	-	129	693	995	1,817
Intra-group transfers	-	-	(125)	(95)	(220)
Disposals	-	-	(122)	-	(122)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1994	-	379	2,431	2,961	5,771
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 30 June 1994	150	1,454	2,660	6,355	10,619
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1993	-	1,215	2,042	3,732	6,989
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value of assets held under finance leases	-	-	1,365	406	1,771
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

### 11 Investments

	Shares in group undertakings £'000
<b>Cost and net book value</b>	
At 1 July 1993 and at 30 June 1994	1,053
	<hr/>

The company owns the whole of the issued share capital of Kyle & Carrick (Holdings) Limited, which is registered in Scotland.

Under the provisions of Section 228 of the Companies Act 1985 the company has not prepared consolidated financial statements since it is a wholly owned subsidiary of another company registered in the European Community.

In the opinion of the directors the value of the investment in group undertakings is not less than the value stated in the balance sheet.

# Barclay Pharmaceuticals Limited

## Notes (continued)

### 12 Stocks

	1994 £'000	1993 £'000
Goods for resale	<u>45,589</u>	<u>9,437</u>

### 13 Debtors

	1994 £'000	1993 £'000
Trade debtors	32,798	19,749
Amounts owed by parent undertakings and fellow subsidiary undertakings	344,298	735,237
Other debtors	354	1,380
Prepayments	808	880
	<u>378,258</u>	<u>757,246</u>

### 14 Creditors: amounts falling due within one year

	1994 £'000	1993 £'000
Bank overdrafts	300	23,251
Obligations under finance leases	748	588
Trade creditors	126,181	95,527
Amounts owed to parent undertakings and fellow subsidiary undertakings	259,133	630,485
Other creditors	665	172
Corporation tax	18,346	5,366
Other taxation and social security	3,329	2,481
Accruals and deferred income	556	2,396
	<u>409,258</u>	<u>760,266</u>



# Barclay Pharmaceuticals Limited

## Notes (continued)

### 15 Creditors: amounts falling due after more than one year

	1994 £'000	1993 £'000
Obligations under finance leases	268	257
The obligations under finance leases are repayable as follows:		
Within one year	748	588
Between two and five years	268	257
	1,016	845

### 16 Provisions for liabilities and charges

	Deferred taxation £'000
At 1 July 1993	408
Transfer from profit and loss account	272
At 30 June 1994	680

The amounts provided for deferred taxation and the amounts unprovided, calculated under the liability method at 33% are set out below:

	1994		1993	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Accelerated capital allowances	680	-	408	(46)
Chargeable gains rolled over	-	76	-	76
	680	76	408	30

### 17 Called up share capital

	1994 £'000	1993 £'000
<i>Authorised, allotted, called up and fully paid:</i>		
25,000,000 ordinary shares of £1 each	25,000	25,000

# Barclay Pharmaceuticals Limited

## Notes (continued)

### 18 Reserves

	Goodwill write-off reserve £'000	Profit and loss account £'000
At 1 July 1993	(1,323)	-
Goodwill written off	(5,952)	-
Profit for the year	-	19,506
	<hr/>	<hr/>
At 30 June 1994	(7,275)	19,506
	<hr/>	<hr/>

### 19 Acquisition of businesses

During the year the company acquired the trade and certain assets of the following businesses:

	Effective date
Barclay & Sons (London)	7 July 1993
Dobbin & Stewart	8 November 1993
Daniels Pharmaceutical	11 June 1994

The analysis of these acquisitions is as follows:

	Book value £'000	Provisions £'000	Fair value £'000
Fixed assets	871	-	871
Other net liabilities	(1,277)	(425)	(1,702)
	<hr/>	<hr/>	<hr/>
Total	(406)	(425)	(831)
	<hr/>	<hr/>	
Consideration			5,121
			<hr/>
Goodwill			5,952
			<hr/>

The consideration payable in respect of these acquisitions is provisional and may be revised during the year ending 30 June 1995.

### 20 Directors' transactions

The company occupies offices and a distribution centre which are owned by The Croft Pension Trust, the beneficiaries of which include Mr AJ Lloyd and Mr PE Lloyd together with their dependants, and leased at a current annual rental of £165,000.

The rentals payable were determined on an arm's length basis and future rent reviews will be similarly determined.

# Barclay Pharmaceuticals Limited

## Notes (continued)

### 21 Commitments under operating leases

The annual commitments under non-cancellable operating leases are:

	1994		1993	
	Land and buildings £'000	Other assets £'000	Land and buildings £'000	Other assets £'000
Commitments which expire:				
Within one year	-	23	-	-
Within two to five years	-	202	-	-
After more than five years	918	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	918	225	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

### 22 Capital commitments

Capital expenditure sanctioned by the board and outstanding at 30 June 1994 amounted to £3,100,000 (1993: £3,000,000).

Contracts placed against these sanctions so far as not provided for in these financial statements amounted to £1,050,000 (1993: £1,000,000).

### 23 Contingent liabilities

The company guarantees the borrowings of other group companies which at 30 June 1994 amounted to £Nil (1993: £40,000,000).

### 24 Ultimate holding company

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

The financial statements of the company are included with 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.