Barclay Pharmaceuticals Limited

Annual report and financial statements for the year ended 31 December 2011

Registered number 2770716

Barclay Pharmaceuticals Limited

Annual report and financial statements for the year ended 31 December 2011

Barclay Pharmaceuticals Limited

Directors' report for the year ended 31 December 2011

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2011

Results

Details of the results for the financial year are set out in the income statement on page 7

Principal activities

The principal activity of the company during the year was the sale and distribution of pharmaceutical and other products

Review of business and future developments

The directors monitor the progress of the company and the implementation of its strategy by reference to key performance indicators The indicators employed include revenue, gross profit and operating margin These are discussed in more detail below

The market for generic and imported pharmaceutical products continues to be extremely competitive The exchange rate against the euro in 2011 has had a major impact on import sales of the company This was the key factor which contributed to the significant increase in revenue which was reported during the year

Despite the competitive nature of the market, the company maintained the gross profit margin at 8% This is a direct result of the continued focus on cost efficiency across all areas of the business

The company continues to develop its supply capability for both generic and imported pharmaceutical products The company has maintained its focus on customer service, this involves working closely with suppliers to ensure that we continue to offer commercially attractive opportunities to our wider customer base

As part of the continual review of operating costs and efficiencies a review of the Enterprise customer base was performed which resulted in a rationalisation of unprofitable customer accounts and the achievement of related cost savings

The directors are confident that the company is well placed to exploit remaining and new profit opportunities during 2012 and beyond

Dividends

The directors do not recommend the payment of a final dividend (2010 £nil) No interim dividend (2010 £nil was paid during the year

Political and charitable contributions

No political or charitable contributions were made during the year (2010 £nil)

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were
M L James
D Rollinson (appointed 14 July 2011, resigned 25 June 2012)
S Anderson (appointed 14 July 2011)
J Bulmer (appointed 14 July 2011, resigned 31 December 2011)
C Tomaszewski (resigned 31 October 2011)
T Beer (appointed 01 November 2011)
J A Richards (appointed 14 July 2011, resigned 25 June 2012)

Directors' report for the year ended 31 December 2011 *(continued)*

In accordance with the Articles of Association, none of the directors are required to retire from the board

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006 The indemnity was in force throughout the last financial year and is currently in force The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors

Employment policies

The directors pursue a policy of promoting equality of opportunity to all employees and of fostering and developing their involvement and interest in the company Both formal and informal systems of communication are used and managers have a specific responsibility to communicate effectively with the employees Copies of the Celesio group annual report and company news releases are distributed to employees Other matters of importance or interest are featured in regular issues of the in-house magazines These seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting company performance

Except as disclosed above, none of the directors had a material interest in any contracts with group companies

Training and development are regarded as fundamental requirements and key to the retention of staff Appropriate programmes exist at warehouse and head office level

Wherever possible, disabled persons are given the same consideration for employment opportunities as other applicants and training and promotion prospects are identical In particular, special consideration is given to continuity of employment in the case of an employee who becomes disabled Suitable retraining is provided for alternative employment, if practicable

The company recognises the high standards required to ensure the health, safety and welfare of its employees, its customers and the general public The policies in this regard are regularly reviewed with the objective of ensuring that these standards are maintained

Creditor payment policy

The policy of the company regarding the payment of trade creditors is determined internally The policy is to

a) agree the terms of payment with creditors at the outset of any supply chain partnership and in advance of any provision of goods and services
b) pay in accordance with the agreed terms and any other contractual or legal obligations

The payment policy applies to all creditors for the supply of revenue and capital goods and services

The company had 35 days purchases outstanding at 31 December 2011 based on the average daily amount invoiced by suppliers during the year (2010 26 days)

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of key risks Risks are formally reviewed by the board and appropriate processes are put in place to monitor and mitigate them

Principal risks and uncertainties *(continued)*

Competition

Barclay Pharmaceuticals Limited operates in a market which is highly competitive, particularly around price and product availability There is, as a result, a downward pressure on margins with the additional risk that the company will not meet the expectations of customers To mitigate this risk, the sales and supply teams

monitor market prices on a daily basis

Supply chain

The provision of a process driven quality service to customers and suppliers is dependent on the availability of a number of key systems, including warehouse management, supply chain support and customer ordering The company has a policy of continually investing in these systems to ensure it retains its leading position amongst pharmaceutical wholesalers The systems are monitored and assessed on a regular basis, using a variety of diagnostic tools such as benchmarking

People

The company recognises that the success of Barclay Pharmaceuticals Limited is built upon the consistency, and effectiveness of the service that is offered to customers It is understood that the culture of the business is the basis of ensuring service to customers is the core focus of our activities

Good service can only be delivered by the very best people and there is a continual focus within the company on the recruitment, training, development and performance of all members of staff The Board of Directors devote significant time to ensuring the programmes, processes, systems and behaviours continually support and develop the culture of the business to meet the needs of a continually changing environment

Financial risk management

The company is exposed to a variety of financial risks, which include credit, liquidity, foreign currency and interest rate risk The company has employed a programme that seeks to manage and limit any adverse effects of these risks, which are described in more detail below, on the financial performance of the company

The directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board, although use is made of a central treasury function which arranges the overall funding requirements of Celesio in the UK ('the UK group') This central function operates within a framework of clearly defined policies and procedures The function reports to the board on a regular basis

The policies approved by the board of directors are implemented by the company's finance department and the central treasury function The policies, which are documented in departmental manuals, cover funding and hedging instruments, exposure limits and a system of authority for the approval and execution of transactions

Credit risk the company has implemented policies that require appropriate credit checks on potential customers before sales are made The finance and sales teams also liaise with customers on a regular basis to ensure that key issues are identified at an early stage

Liquidity risk the company participates in the banking arrangements of the UK group, which are arranged with the assistance of the central treasury function The UK group funds its operations through a mix of retained earnings, borrowings and leasing that is designed to ensure that the company has sufficient funds for its day to day operations and other activities Cash flow requirements are monitored through projections which are compiled on a periodic basis across the group The UK group operates a cash pooling

Principal risks and uncertainties *(continued)*

arrangement in which the company participates Under this arrangement cash funds which are in excess of day to day requirements are loaned to other UK group companies

Foreign currency and interest rate risk the company is exposed to foreign exchange risk in relation to foreign currency purchases of stock and group financing denominated in a foreign currency, primarily in respect of the Euro The company does not currently hedge its foreign currency exposures as foreign currency purchases of stock are only made where there is a favourable exchange rate The company also has both interest bearing assets and liabilities, these being managed within the UK group

Statement of directors' responsibilities

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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union Under Company law the directors must not approve the financial statements unless they are satisfied that they give true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period

In preparing those financial statements, the directors are required to (a) select suitable accounting policies and then apply them consistently (b) make judgments and accounting estimates that are reasonable and prudent (c) state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements (d) 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006 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

Statement of disclosure of information to auditors

Each person who is a director at the date of approval of this report confirms the following so far as each director is aware (a) there is no relevant audit information - that is information needed by the company's auditors in connection with preparing their report - of which the company's auditors are unaware and (b) the director has taken all the steps necessary as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

T Beer Thorsten Beer 28.09.2012
Director

Barclay Pharmaceuticals Limited
Registered number 2770716

Independent auditors' report to the members of Barclay Pharmaceuticals Limited

We have audited the financial statements of Barclay Pharmaceuticals Limited for the year ended 31 December 2011 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or

Independent auditors' report to the members of Barclay Pharmaceuticals Limited
(continued)

- we have not received all the information and explanations we require for our audit

Mike Robinson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
28 September 2012

Barclay Pharmaceuticals Limited

Income statement for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Revenue	3	**287,238**	276,924
Cost of sales		**(265,246)**	(254,347)
Gross Profit		**21,992**	22,577
Distribution costs and administrative expenses	6	**(13,459)**	(13,584)
Operating profit		**8,533**	8,993
Finance costs	8	**(430)**	(399)
Profit before income tax	7	**8,103**	8,594
Income tax expense	9	**(2,174)**	(2,426)
Profit for the financial year attributable to the equity holder of the parent		**5,929**	6,168

Barclay Pharmaceuticals Limited

Statement of comprehensive income for the year ended 31 December 2011

	2011	2010
	£'000	£'000
Profit for the year	5,929	6,168
Other comprehensive income for the year net of tax	-	-
Total comprehensive income for the year attributable to the equity holders of the parent	5,929	6,168

Barclay Pharmaceuticals Limited

Statement of Financial Position as at 31 December 2011

	Note	**2011**	2010
		£'000	£'000
Assets			
Non current assets			
Deferred tax asset	9	**50**	55
		50	55
Current Assets			
Inventories	10	**46,234**	39,714
Trade and other receivables	11	**61,859**	53,189
Cash and short term deposits	12	**55**	87
		108,148	92,990
Total assets		**108,198**	93,045
Liabilities			
Non current liabilities		**-**	-
Current liabilities			
Trade and other payables	13	**31,637**	22,155
Income tax liability		**2,369**	2,626
Other current liabilities	14	**657**	658
		34,663	25,439
Equity			
Issued capital	17	**25,000**	25,000
Revenue reserves		**48,535**	42,606
Total equity		**73,535**	67,606
Total equity and liabilities		**108,198**	93,045

The financial statements on pages 6 - 27 were approved by the board of directors on 28.05.12 and were signed on its behalf by

Thorsten Beer

T Beer
Director

Barclay Pharmaceuticals Limited

Statement of Changes in Equity for the year ended 31 December 2011

	Issued Capital	Revenue Reserves	Total
	£'000	£'000	£'000
Balance as at 1 January 2010	**25,000**	**36,438**	**61,438**
Profit for the period	-	6,168	6,168
Balance as at 1 January 2011	**25,000**	**42,606**	**67,606**
Profit for the period	-	5,929	5,929
Balance as at 31 December 2011	**25,000**	**48,535**	**73,535**

Barclay Pharmaceuticals Limited

Statement of Cash Flows for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Profit before tax		**8,103**	8,594
Inventories		**(6,520)**	(5,632)
Trade and other receivables		**3,211**	(5,139)
Trade and other payables		**9,482**	(8,424)
		14,276	(10,601)
Finance costs		**430**	399
Income tax paid		**(2,426)**	(1,451)
Net cash flow from operating activities		**12,280**	(11,653)
Cash advances to affiliated parties		**(11,875)**	-
Receipts from advances to affiliated parties		**-**	12,250
Net cash flow from investing activities		**(11,875)**	12,250
(Decrease) / increase in borrowings		**-**	(152)
Interest paid		**(437)**	(393)
Net cash flow from financing activities		**(437)**	(545)
Net (decrease) / increase in cash and cash equivalents		**(32)**	52
Cash and cash equivalents at 1 January	12	**87**	35
Cash and cash equivalents at 31 December	12	**55**	87

Barclay Pharmaceuticals Limited

Notes to the financial statements for the year ended 31 December 2011

1 Basis of preparation

The financial statements for the year ended 31 December 2011 have been prepared on a going concern basis in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), IFRIC interpretations and in accordance with the Companies Act 2006

The financial statements have been prepared on a historical cost basis

The financial statements are presented in sterling and all values are rounded to the nearest thousand The company is domiciled in the UK and registered in England and Wales (Registered number 2770716) The registered office address is Sapphire Court, Walsgrave Triangle, Coventry CV2 2TX

The immediate parent undertaking is Admenta Holdings Limited The company's ultimate parent undertaking and controlling party is Franz Haniel & Cie GmbH, a company registered in Germany, by virtue of its majority shareholding in the intermediate parent Celesio AG and its consolidation of the Celesio AG Group results into its own consolidated financial statements, which are publicly available

The income statement has been prepared using the "expenses by function" method The statement of financial position has been categorised into current and non-current items in accordance with IAS 1 '*Presentation of Financial Statements*' To aid clarity, a number of items have been summarised both in the statement of financial position and in the income statements These are discussed in detail in the notes to the financial statements

Set out below is a summary of the principal accounting policies, which have been applied consistently except where stated

2 Summary of significant accounting policies

Revenue

Revenue originates from the sale of merchandise Merchandise sales are not recognised until the risks and rewards of ownership have been transferred to the customer

Taxes

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date

Current income tax relating to items recognised directly in equity is also recognised in equity and not in the income statement Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate

Deferred tax
Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised This is unless where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

2 Summary of significant accounting policies *(continued)*

Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted, or substantively enacted, at the reporting date

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, in particular whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset

Company as a lessee
Finance leases, which transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the asset or, if lower, at the present value of the minimum lease payments Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability Finance charges are recognised in the income statement

Leased assets are depreciated over the useful life of the asset However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term

Operating lease payments are recognised as an expense in the income statement as incurred

Inventories

Inventories 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 estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale Where necessary, allowance is made for obsolete, slow moving and defective inventory

The company has not entered into any long-term contracts and has not assigned any of its inventories as collateral

2 Summary of significant accounting policies *(continued)*

Provisions

Provision is made in the financial statements for present obligations arising from past events, where there is a reasonable degree of certainty as to their amount and date of settlement Where there is a potential obligation based on a past event which will probably not result in the company's assets being utilised, or amounts due upon the realisation of the obligation cannot be estimated with sufficient reliability, no provision is made, but a contingent liability is disclosed in the financial statements

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost

Financial assets

(i) Initial recognition and measurement
All financial assets are recognised initially at fair value The company's financial assets include cash and cash equivalents, trade and other receivables and loan and other receivables

(ii) Subsequent measurement
The subsequent measurement of financial assets depends on their classification Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR The EIR amortisation is included in finance income in the income statement Any losses arising from impairment are recognised in the income statement in finance costs

The company does not have any instruments held at fair value through profit and loss, held-to-maturity investments or available-for-sale financial assets

(iii) Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired

(iv) Impairment of financial assets
The company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) The present value of the estimated future cash flows is discounted using the financial assets original effective interest rate

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss The interest income is recorded as part of finance income in the income statement

Barclay Pharmaceuticals Limited

Notes to the financial statements for the year ended 31 December 2011 *(continued)*

2 Summary of significant accounting policies *(continued)*

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above

Financial liabilities

(i) Initial recognition and measurement
Financial liabilities are classified as financial liabilities at fair value through profit or loss or as loans and borrowings The company determines the classification of its financial liabilities at initial recognition All financial liabilities are recognised initially at fair value and in the case of loans and borrowings

The company's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings

(ii) Subsequent measurement
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR method amortisation process Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR The EIR amortisation is included in finance cost in the income statement

(iii) Derecognition
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires

(iv) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

Provision is made in the financial statements for the probable outflow of economic resources relating to present obligations arising from past events, where there is a reasonable degree of certainty as to their amount and date of settlement Where there is a potential obligation based on a past event which will probably not result in the company's assets being utilised, or amounts due upon the realisation of the obligation cannot be estimated with sufficient reliability, no provision is made, but a contingent liability is disclosed in the financial statements

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost

Currency translation

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at the rates ruling at that date Any such translation differences are taken to the income statement Non-monetary items denominated in foreign currencies are translated using the historical rate

Pensions

The company contributes to group pension schemes operated by Admenta UK plc

2 Summary of significant accounting policies *(continued)*

Management estimates and judgements

The preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

Deferred taxes
The measurement of deferred tax assets and liabilities requires management to make assumptions and estimates Besides interpreting the tax provisions applicable to the tax paying entity in each case, the calculation of deferred tax assets on temporary differences and unused tax losses depends in particular on an appraisal of whether the entity will generate sufficient taxable income in future

All assumptions and estimates are based on circumstances prevailing at the statement of financial position date Future events and changes in conditions often mean that the actual amounts differ materially from the estimated figures In such cases, the assumptions, and if necessary the carrying amounts of the assets and liabilities concerned, are adjusted accordingly

Trade receivables and other assets
Allowances for trade receivables and other assets is based to a large extent on estimates and judgements of individual receivables taking the creditworthiness of the respective customer into account When measuring allowances, assumptions and estimates play an important role when assessing the probability of utilisation, the obligation amount and the interest rates used for non-current provisions

Inventories
Allowances are made for obsolete, slow moving and defective inventory The assumptions used in estimating allowances are reviewed at each reporting date

Other provisions
Other provisions are made in the financial statements for present obligations arising from past events, where there is a reasonable degree of certainty as to their amount and date of settlement The assumptions used in estimating other provisions are reviewed at each reporting date

New and amended standards adopted by the company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2011 that would be expected to have a material impact on the company

The following new standards, amendments and interpretations have been issued but not effective for the financial year beginning 1 January 2011 and not early adopted

2 Summary of significant accounting policies *(continued)*

IAS 19 'Employee benefits' was amended in June 2011 The impact on the company will be as follows to eliminate the corridor approach and recognisee all actuarial gains and losses in Other Comprehensive Income as they occur, to immediately recognise all past service costs, and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset) The company is yet to assess the full impact of the amendments

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities The company is yet to assess IFRS 9's full impact

IFRS 10, 'Consolidated financial statements' No impact is expected on the company financial statements

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles The company is yet to assess IFRS 12's full impact

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing precise definition of fair value The company is yet to assess IFRS 13's full impact

Barclay Pharmaceuticals Limited

3 Revenue

Revenue represents cash and credit sales predominantly generated in the United Kingdom Sales to Europe were £286,923,000 in 2011 (2010 £276,924,000) Sales to the rest of the world were £315,000 in 2011 (2010 £nil)

	2011	2010
	£'000	£'000
Sale of goods	**287,238**	276,924

4 Directors' emoluments

	2011	2010
	£'000	£'000
Aggregate emoluments	**-**	201

For the year ended 31 December 2011 the directors did not receive any emoluments for their services to the company Their emoluments are paid by a fellow subsidiary, AAH Pharmaceuticals Limited, which has made no recharge to the company in respect of these payments Emoluments and pension arrangements for the directors are included in the directors' emoluments disclosed in the financial statements of AAH Pharmaceuticals Limited

The value of company contributions paid to a defined contribution scheme in respect of directors in 2010 was £5,000 Retirement benefits were accruing to one director under a money purchase scheme and to two directors under a defined benefit pension scheme at 31 December 2010

Highest paid director	**2011**	2010
	£'000	£'000
Aggregate emoluments	**-**	109
Accrued pension at the end of the year for the defined benefit pension scheme	**-**	17

5 Employee information

By function	**2011**	2010
	Number	Number
Distribution	**242**	239
Administration	**58**	60
	300	299

Staff costs	**£'000**	£'000
Wages and salaries	**5,702**	5,895
Social security costs	**503**	518
Other pension costs	**35**	31
	6,240	6,444

6 Distribution costs and administrative expenses

	2011 £'000	2010 £'000
Staff costs	**6,888**	7,070
Other expenses	**6,571**	6,514
	13,459	13,584

7 Profit/ (loss) before income tax

Profit before income tax is stated after charging / (crediting) the following

	2011 £'000	2010 £'000
Auditors' remuneration	**-**	-
Operating lease rentals		
Land and buildings	**942**	942
Motor vehicles	**1,076**	1,227
Other	**70**	80
Staff costs	**6,240**	6,444
Cost of inventories recognised as an expense in cost of sales including	**265,246**	254,347
Write down of inventories to net realisable value	**746**	2,228
Net forex loss charged to the profit and loss account	**271**	55

In 2011 and 2010, the auditors' remuneration has been borne by AAH Pharmaceuticals Limited, a fellow subsidiary undertaking Total auditors' remuneration for both companies for 2011 was £196,000 (2010 £188,000)

8 Finance income and costs

	2011 £'000	2010 £'000
Finance costs		
Interest on amounts owing to affiliated companies	**(430)**	(399)

9 Income tax expense

	2011 £'000	2010 £'000
Income statement:		
Current income tax:		
UK corporation tax at 26 5% (2010 28%)	**2,168**	2,425
Adjustment in respect of previous years	**-**	-
	2,168	2,425
Deferred tax.		
Relating to origination and reversal of temporary differences	**(3)**	1
Impact of change in tax rate	**4**	2
Adjustment in respect of previous years	**5**	(2)
	6	1
	2,174	2,426

A corporation tax rate reduction from 26% to 25% with effect from 1 April 2012 was announced in the 2011 Budget Statement and enacted in the Finance Act 2011 The impact of this change on deferred tax balances is included in the financial statements In the 2012 Budget Statement it was announced that legislation will be introduced in the Finance Act 2012 to reduce corporation tax from 26% to 24% from April 2012 Further reductions to the corporation tax rate are proposed which will reduce the rate annually by 1% until a rate of 22% is reached with effect from 1 April 2014 The proposed reductions are expected to be enacted separately each year The impact of these reductions on deferred tax balances will be reflected in future financial statements in the year the reductions are substantially enacted

The tax assessed on the profit on ordinary activities for the year is higher (2010 higher) than the average rate of corporation tax in the UK of 26 5% (2010 28%) The difference is reconciled below

	2011 £'000	2010 £'000
Profit before tax	**8,103**	8,594
Profit/(loss) before tax multiplied by the average rate of UK corporation tax of 26 5% (2010 28%)	**2,147**	2,406
Expenses not deductible for tax purposes	**18**	20
Deferred tax adjustments in respect of previous years	**5**	(2)
Impact of change in tax rate	**4**	2
	2,174	2,426

9 Income tax expense *(continued)*

The movements in the year in the deferred tax (asset)/liability are as follows

	2011 £'000	2010 £'000
At 1 January	**(55)**	(56)
Deferred tax movement in the income statement	**5**	1
At 31 December	**(50)**	(55)

The deferred taxation (asset)/liability recognised in the financial statements can be analysed as follows

	2011 £'000	2010 £'000
Accelerated capital allowances	**(32)**	(37)
Short term timing differences	**(18)**	(18)
	(50)	(55)

10 Inventories

	2011 £'000	2010 £'000
Finished goods and goods for resale	**46,234**	39,714

In the reporting period inventories were written down by £746,000 (2010 £2,228,000) This was offset by reversals of impairment losses of £nil (2010 £nil)

11 Trade and other receivables

	2011 £'000	2010 £'000
Trade receivables from third parties	**20,919**	22,846
Receivables from affiliated companies Trade	**4,331**	5,960
Receivables from affiliated companies Intragroup funding	**33,743**	21,862
Other assets	**2,396**	2,121
Prepayments and accrued income	**470**	400
	61,859	53,189

The amounts owed by affiliated companies are unsecured, interest free and are without a fixed repayment date and are repayable on demand

As at 31 December 2011, trade and other receivables at initial value of £561,000 (2010 £423,000) were impaired and fully provided for The table below presents the allowances on trade receivables, receivables from affiliated companies and the receivables contained in other assets

11 Trade and other receivables *(continued)*

	2011 £'000	2010 £'000
Allowances at 1 January	**423**	571
Additions	**163**	-
Utilisations	**(25)**	(26)
Reversals	**-**	(122)
Allowances at 31 December	**561**	423

As at 31 December the ageing analysis of trade receivables from third parties is as follows

	2011 £'000	2010 £'000
Carrying amounts of trade receivables that are not impaired	**20,919**	22,846
Carrying amounts of trade receivables that are not impaired or overdue	**17,976**	17,777
Carrying amounts of overdue trade receivables that are not impaired	**2,943**	5,069
of which < 3 months	**2,943**	5,036
of which 3- 6 months	**-**	33
of which 6 - 12 months	**-**	-
of which > 12 months	**-**	-

In the case of the receivables that are not impaired, there is no indication that the debtors will not be able to meet their payment obligations

12 Cash and short term deposits

	2011 £'000	2010 £'000
Cash at bank and in hand	**55**	87

For the purpose of the cash flow statement, cash and cash equivalents comprises of cash at bank and in hand

13 Trade and other payables

	2011 £'000	2010 £'000
Trade creditors	**30,335**	19,996
Amounts owed to affiliated companies Trade	**834**	1,691
Amounts owed to affiliated companies Intragroup funding	**468**	468
	31,637	22,155

Amounts owed to affiliated companies are unsecured and have no fixed repayment date other than that they are payable on demand The amounts are either interest free or attract interest equivalent to the overall cost of borrowing for the UK group of 4 45% (2010 4 33%) There are no undrawn borrowing facilities

14 Other current liabilities

	2011 £'000	2010 £'000
Accruals and deferred income	**604**	504
Sales ledger credit balances	**53**	154
	657	658

15 Pension obligations

The company participates in a defined contribution group pension scheme operated by Admenta UK plc (a parent company), The scheme is funded and constituted as an independently administered fund with its assets being held separately from those of the company

AAH Lloyds Pension Scheme

The contributions paid by the company to the scheme during 2011 amounted to £35,000 (2010 £31,000) Included in other creditors at the statement of financial position date were amounts of £nil in respect of contributions (2010 £nil)

16 Dividends

The amount of dividends proposed or declared before the financial statements were authorised for issue but not recognised are £nil (2010 £nil)

Barclay Pharmaceuticals Limited

Notes to the financial statements for the year ended 31 December 2011 *(continued)*

17 Shareholders' Capital

	2011 £'000	2010 £'000
Allotted and fully paid		
25,000,000 ordinary shares of £1 each	**25,000**	25,000

18 Lease commitments

Operating leases
At 31 December 2011, as lessee, the future minimum rentals payable under non-cancellable operating leases were as follows

	2011 Land and Buildings £'000	2011 Other £'000	2010 Land and Buildings £'000	2010 Other £'000
Within one year	**942**	**899**	942	1,197
After one year but not more than five years	**3,768**	**1,459**	3,769	2,496
More than 5 years	**10,323**	**-**	11,265	-
	15,033	**2,358**	15,976	3,693

Other non-cancellable leases comprises of motor vehicles

Certain property and vehicle lease interests of the company are administered by AAH Pharmaceuticals Limited, which recharges the cost on to Barclay Pharmaceuticals Limited The commitments shown above represent those managed on its behalf as well as those retained in the name of Barclay Pharmaceuticals Limited

18 Capital commitments

There is no capital expenditure contracted for but not provided for in these financial statements (2010 £nil)

19 Financial risk management and derivative financial instruments

a) Principles of risk management
The company is exposed to risks resulting from changes in exchange rates and interest rates Based on a risk appraisal, selected hedging instruments are used to limit these risks where appropriate

The use of derivatives is subject to uniform group guidelines set by the management board, compliance of which is monitored constantly The company had no derivative contracts in place at 31 December 2011 (2010 nil)

b) Interest rate risks
The company is exposed to certain interest rate risk, i e short-term fluctuation in interest rates leading to changes in the interest due or owed

Barclay Pharmaceuticals Limited

Notes to the financial statements for the year ended 31 December 2011 *(continued)*

19 Financial risk management and derivative financial instruments *(continued)*

At 31 December 2011, if interest rates had been 1% higher/lower with all other variables held constant pre-tax profit for the year would have been £97,000 (2010 £92,000) higher/lower

c) Foreign currency risk
Foreign currency risks relate to the possible impairment of statement of financial position items and any forward transactions due to fluctuations in exchange rates The currency risks relate to capital expenditures, financing measures and operating activities As the company largely settle their operating business in the company's functional currency, the transaction risk from foreign currencies can be classified as low The major part of the foreign exchange rate risks result from euro (EURO) against Sterling (GBP)

Foreign currency risks relate to capital expenditures, financing measures and operating activities The major part of the foreign exchange rate risks result from the Euro The company does not currently hedge its foreign currency exposures as foreign currency purchases of stock are only made where there is a favourable exchange rate

At 31 December 2011, if the currency had weakened/strengthened by 10% against the Euro the company would have changed its buying relationships and would not have made foreign currency purchases of stock where the movement in the exchange rate had made the purchase commercially unfavourable However, if these actions were not taken then with all other variables held constant, pre-tax profit would have been £8,739,000 (2010 £8,243,000) lower/higher

The indirect impact of exchange rate effects on the operating business has not been taken into account in the sensitivity analysis This analysis assumes that the exchange rates change by the percentages stated as at the statement of financial position date Movements over time and the changes in other market parameters observed in reality are not considered in this analysis

d) Credit risk
Due to its existing customer structure, the bad debt risk in the company can be classified as low as the large customers are operators of the healthcare systems and therefore in the past enjoyed a very high credit standing In addition to the large number of business relationships, there is no significant concentration of risk either

e) Liquidity risk
Liquidity risk is understood as the risk that the company will not be in the position to meet its ongoing payment obligations at any time The liquidity risk is managed by means of centralised financial planning by the parent company, Admenta Holdings Limited, which provides the required finance for operations and capital expenditure between Barclay Pharmaceuticals Limited and its sister companies Liquidity management takes the form of rolling liquidity planning taking into account existing lines of credit The parent company has a significant amount of unused long-term confirmed lines of credit and bank guarantees, can make use of these at any time and bears the majority of the liquidity risk for the UK operations

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments at the reporting date

19 Financial risk management and derivative financial instruments *(continued)*

	On demand £'000	Less than one year £'000	1 to 5 years £'000	> 5 years £'000	Total £'000
Year ended 31 December 2011					
Trade and other payables	-	31,637	-	-	31,637
	-	**31,637**	-	-	**31,637**
Year ended 31 December 2010					
Trade and other payables	-	22,155	-	-	22,155
	-	22,155	-	-	22,155

f) Capital management

The prime objective of the company's capital management is to ensure that it maintains the financial flexibility needed to allow for value-creating investments as well as healthy statement of financial position ratios

The company monitors its capital structure based on the equity ratio, gearing and the interest coverage ratio No mandatory external guidelines need to be observed in this respect

	2011 £'000	2010 £'000
Equity	**73,534**	67,606
total assets	**108,198**	93,045
Equity ratio	**68%**	73%
Net financial debt	**468**	468
equity	**73,534**	67,606
Gearing	**0.01**	0 01
Operating profit	**8,533**	8,993
finance costs	**430**	399
Interest coverage ratio	**19.8**	22 5

g) Fair values

The carrying amount of the company's current and non current assets and liabilities approximate to their fair value

The company does not hold any derivative financial instruments measured at fair value at 31 December 2011 (2010 nil)

Notes to the financial statements for the year ended 31 December 2011 *(continued)*

20 Related party transactions

Related parties, as defined by IAS 24, include the management board of Barclay Pharmaceuticals Limited and the ultimate majority shareholder, Franz Haniel & Cie GmbH, Duisburg and its subsidiaries, as well as associates The items from related party transactions are presented below

Other related parties	Sales to related parties £'000	Purchases from related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
2011	**97,034**	**36,273**	**38,074**	**1,302**
2010	83,486	41,946	27,822	2,159

Key management are directors of the company The total remuneration and structure of compensation paid to members of the management board including directors are presented in note 4

21 Ultimate parent undertaking and ultimate controlling party

The immediate parent undertaking is Admenta Holdings Limited The company's ultimate parent undertaking and controlling party is Franz Haniel & Cie GmbH, a company registered in Germany, by virtue of its majority shareholding in the intermediate parent Celesio AG and its consolidation of the Celesio 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, D-47119 Duisburg, Ruhrort, Germany Consolidated financial statements for the smallest group of companies are prepared by Celesio AG and may be obtained from Celesio AG, Neckartalstrasse 155, D-70376 Stuttgart, Germany

22 Events after the reporting period

There were no significant reportable events subsequent to the year end