

Barclay Pharmaceuticals Limited

Directors' report and financial statements

30 June 1995

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 1995.

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 £10,000,000 (1994: £15,000,000). The retained profit of £7,351,000 (1994: £19,506,000) is transferred to reserves.

Significant changes in fixed assets

The changes in fixed assets are set out in notes 9 and 10 to the financial statements.

Directors and directors' interests

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

AJ Lloyd
PE Lloyd (resigned 13 June 1995)
MA Ward (appointed 18 July 1994)
RG Turner
SW Buckell
WI Jack
CF Wilson
MD Yorke
DA Condliffe
J Poole
CP Gee
RK Wood (resigned 31 December 1994)
S Whetstone

In addition, JC Fellows and M Kidd were appointed as directors on 3 July 1995 and 20 September 1995 respectively.

AJ Lloyd, RG Turner and MA Ward 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		Preference 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	
	1995	1994	1995	1994	1995	1994	1995	1994
SW Buckell	5,621	3,621	608	608	119,800	109,800	7,560	7,560
WI Jack	1,061	1,025	-	-	100,000	80,000	10,182	10,182
CF Wilson	4,022	2,417	-	-	103,640	83,640	7,560	7,560
MD Yorke	-	-	-	-	12,000	10,000	-	-
DA Condliffe	10,550	50	-	-	12,000	10,000	10,182	10,182
J Poole	500	-	-	-	15,000	10,000	10,182	10,182
CP Gee	-	-	-	-	5,000	-	-	-
S Whetstone	-	-	-	-	2,000	-	-	-

On 11 November 1994 SW Buckell, WI Jack, CF Wilson, MD Yorke, DA Condliffe, J Poole, CP Gee and S Whetstone were granted executive share options in respect of 10,000, 20,000, 20,000, 2,000, 2,000, 5,000 and 2,000 ordinary shares respectively.

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.

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.

Barclay Pharmaceuticals Limited

Directors' report *(continued)*

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board



JM Sadler
Secretary

Britannia House
Centurion Park
Tamworth
Staffordshire
B77 5TZ

10 October 1995

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 16, 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.



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 16.

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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

10 October 1995

Barclay Pharmaceuticals Limited

Profit and loss account for the year ended 30 June 1995

	<i>Note</i>	Continuing operations	
		1995	1994
		£'000	£'000
Turnover	1	715,853	620,154
Cost of sales		(641,908)	(532,638)
Gross profit		73,945	87,516
Distribution costs		(42,264)	(31,217)
Administrative expenses		(3,117)	(2,674)
Profit on ordinary activities before interest		28,564	53,625
Interest receivable	3	58	24
Interest payable	4	(3,643)	(1,536)
Profit on ordinary activities before taxation	5	24,979	52,113
Tax on profit on ordinary activities	7	(7,628)	(17,607)
Profit on ordinary activities after taxation and for the financial year		17,351	34,506
Dividends proposed on equity shares	8	(10,000)	(15,000)
Retained profit for the financial year	17	7,351	19,506

A statement of movements on reserves is given in note 17 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 1995

	Note	1995 £'000	1994 £'000
Fixed assets			
Tangible assets	9	10,696	10,619
Investments	10	1,053	1,053
		<u>11,749</u>	<u>11,672</u>
Current assets			
Stocks	11	50,628	45,589
Debtors	12	187,789	378,258
Cash at bank and in hand		23,016	11,918
		<u>261,433</u>	<u>435,765</u>
Creditors: amounts falling due within one year	13	<u>(221,510)</u>	<u>(409,258)</u>
Net current assets		<u>39,923</u>	<u>26,507</u>
Total assets less current liabilities		<u>51,672</u>	<u>38,179</u>
Creditors: amounts falling due after more than one year	14	(6,605)	(268)
Provisions for liabilities and charges	15	(558)	(680)
Net assets		<u>44,509</u>	<u>37,231</u>
Capital and reserves			
Called up share capital	16	25,000	25,000
Goodwill write off reserve	17	(6,984)	(7,275)
Profit and loss account	17	26,493	19,506
Total equity shareholders' funds		<u>44,509</u>	<u>37,231</u>

These financial statements were approved by the board of directors on 10 October 1995 and were signed on its behalf by:


JC Fellows
 Director

Barclay Pharmaceuticals Limited

Statement of total recognised gains and losses for the year ended 30 June 1995

During the year ended 30 June 1995 there were no recognised gains or losses other than the profit for the financial year of £17,351,000 (1994: £34,506,000).

Historical cost profits and losses for the year ended 30 June 1995

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 1995 or 1994.

Reconciliation of movements in shareholders' funds for the year ended 30 June 1995

	1995 £'000	1994 £'000
Profit for the year after taxation	17,351	34,506
Dividends proposed	(10,000)	(15,000)
	<hr/>	<hr/>
	7,351	19,506
Goodwill written off	(73)	(5,952)
	<hr/>	<hr/>
Net movement in shareholders' funds	7,278	13,554
Shareholders' funds at 1 July 1994	37,231	23,677
	<hr/>	<hr/>
Shareholders' funds at 30 June 1995	44,509	37,231
	<hr/>	<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:

	1995 Number	1994 Number
Administration	212	187
Selling and distribution	1,807	1,602
	<u>2,019</u>	<u>1,789</u>

The aggregate payroll costs of these persons were as follows:

	£'000	£'000
Wages and salaries	22,221	17,603
Social security costs	1,860	1,655
Other pension costs	90	29
	<u>24,171</u>	<u>19,287</u>

3 Interest receivable

	1995 £'000	1994 £'000
Bank interest	<u>58</u>	<u>24</u>

Barclay Pharmaceuticals Limited

Notes (continued)

4 Interest payable

	1995 £'000	1994 £'000
On bank loans and overdrafts	3,574	1,412
Finance lease charges	69	124
	<u>3,643</u>	<u>1,536</u>

5 Profit on ordinary activities before taxation

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

	1995 £'000	1994 £'000
Directors' remuneration	641	455
Depreciation of fixed assets held under hire purchase agreements	397	350
Depreciation of owned tangible fixed assets	1,663	1,467
Payments under operating leases:		
Land and buildings	2,328	1,300
Plant and machinery	275	260
Auditors' remuneration	53	58
Rents receivable	(13)	-
	<u></u>	<u></u>

6 Directors' emoluments

Excluding pension contributions, the emoluments of the chairman were £Nil (1994: £Nil) and those of the highest paid director were £126,000 (1994: £91,000). The emoluments of the directors were within the following ranges:

	1995 Number	1994 Number
£0 - £5,000	5	6
£5,001 - £10,000	-	1
£15,001 - £20,000	-	1
£25,001 - £30,000	-	1
£50,001 - £55,000	2	3
£55,001 - £60,000	2	-
£60,001 - £65,000	1	-
£65,001 - £70,000	-	1
£70,001 - £75,000	-	1
£90,001 - £95,000	1	1
£120,001 - £125,000	1	-
£125,001 - £130,000	1	-
	<u></u>	<u></u>

Barclay Pharmaceuticals Limited

Notes (continued)

7 Tax on profit on ordinary activities

	1995 £'000	1994 £'000
Taxation based on the profit for the financial year:		
Corporation tax at 33%	7,738	17,335
Deferred taxation	(110)	272
	<u>7,628</u>	<u>17,607</u>

8 Dividends

	1995 £'000	1994 £'000
Equity shares:		
Final proposed	<u>10,000</u>	<u>15,000</u>

9 Tangible fixed assets

	Freehold properties £'000	Leasehold properties £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost					
At 1 July 1994	150	1,833	5,091	9,316	16,390
Additions	-	408	1,033	2,460	3,901
Intra-group transfers	-	(282)	73	(973)	(1,182)
Disposals	-	-	(615)	(317)	(932)
	<u>150</u>	<u>1,959</u>	<u>5,582</u>	<u>10,486</u>	<u>18,177</u>
At 30 June 1995	150	1,959	5,582	10,486	18,177
Depreciation					
At 1 July 1994	-	379	2,431	2,961	5,771
Charge for the year	-	98	552	1,410	2,060
Intra-group transfers	-	(13)	4	(49)	(58)
Disposals	-	-	(144)	(148)	(292)
	<u>-</u>	<u>464</u>	<u>2,843</u>	<u>4,174</u>	<u>7,481</u>
At 30 June 1995	-	464	2,843	4,174	7,481
Net book value					
At 30 June 1995	<u>150</u>	<u>1,495</u>	<u>2,739</u>	<u>6,312</u>	<u>10,696</u>
At 30 June 1994	<u>150</u>	<u>1,454</u>	<u>2,660</u>	<u>6,355</u>	<u>10,619</u>
Net book value of assets held under finance leases	<u>-</u>	<u>-</u>	<u>995</u>	<u>-</u>	<u>995</u>

Barclay Pharmaceuticals Limited

Notes (continued)

10 Investments

Shares in
subsidiary
undertakings
£'000

Cost and net book value

At 1 July 1994 and at 30 June 1995

1,053

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 subsidiary undertakings is not less than the value stated in the balance sheet.

11 Stocks

1995	1994
£'000	£'000

Goods for resale	<u>50,628</u>	<u>45,589</u>
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12 Debtors

1995	1994
£'000	£'000

Trade debtors	38,664	32,798
Amounts owed by parent undertakings and fellow subsidiary undertakings	147,099	344,298
Other debtors	296	354
Prepayments	<u>1,730</u>	<u>808</u>
	<u>187,789</u>	<u>378,258</u>

Barclay Pharmaceuticals Limited

Notes (continued)

13 Creditors: amounts falling due within one year

	1995 £'000	1994 £'000
Bank overdrafts	7,241	300
Obligations under finance leases	516	748
Trade creditors	143,269	126,181
Amounts owed to parent undertakings and fellow subsidiary undertakings	51,206	259,133
Corporation tax	11,051	18,346
Other taxation and social security	3,429	3,329
Other creditors	575	665
Accruals and deferred income	4,223	556
	<u>221,510</u>	<u>409,258</u>

14 Creditors: amounts falling due after more than one year

	1995 £'000	1994 £'000
Obligations under finance leases	244	268
Amounts owed to parent and fellow subsidiary undertakings	6,361	-
	<u>6,605</u>	<u>268</u>

The obligations under finance leases are repayable as follows:

Within one year	516	748
Between two and five years	244	268
	<u>760</u>	<u>1,016</u>

15 Provisions for liabilities and charges

	Deferred taxation £'000
At 1 July 1994	680
Transfer to profit and loss account	(122)
At 30 June 1995	<u>558</u>

Barclay Pharmaceuticals Limited

Notes (continued)

15 Provisions for liabilities and charges (continued)

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

	Provided £'000	1995 Unprovided £'000	Provided £'000	1994 Unprovided £'000
Accelerated capital allowances	558	-	680	-
Chargeable gains rolled over	-	76	-	76
	<u>558</u>	<u>76</u>	<u>680</u>	<u>76</u>

16 Called up share capital

	1995 £'000	1994 £'000
<i>Authorised, allotted, called up and fully paid:</i>		
25,000,000 ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>

17 Reserves

	Goodwill write-off reserve £'000	Profit and loss account £'000
At 1 July 1994	(7,275)	19,506
Goodwill written off	(73)	-
Goodwill transferred to profit and loss account	364	(364)
Profit for the year	-	7,351
	<u>(6,984)</u>	<u>26,493</u>
At 30 June 1995		

18 Acquisition of businesses

On 1 July 1994, the trade and assets of Illingworth Health Foods Limited, a fellow subsidiary undertaking, were transferred to the company.

19 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)

20 Commitments under operating leases

The annual commitments under non-cancellable operating leases are:

	1995		1994	
	Land and buildings £'000	Other assets £'000	Land and buildings £'000	Other assets £'000
Commitments which expire:				
Within one year	-	98	-	23
Within two to five years	246	303	-	202
After more than five years	1,336	-	918	-
	<u>1,582</u>	<u>401</u>	<u>918</u>	<u>225</u>

21 Capital commitments

Capital expenditure sanctioned by the board and outstanding at 30 June 1995 amounted to £2,500,000 (1994: £3,100,000).

Contracts placed against these sanctions so far as not provided for in these financial statements amounted to £1,000,000 (1994: £1,050,000).

22 Contingent liabilities

The company guarantees the borrowings of other group undertakings which at 30 June 1995 amounted to £Nil (1994: £Nil).

23 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.