

**Barclay Pharmaceuticals Limited**  
**Directors' report and financial statements**  
**for the year ended 31 December 2003**

Registered no: 2770716



# **Barclay Pharmaceuticals Limited**

## **Directors report and financial statements for the year ended 31 December 2003**

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# **Barclay Pharmaceuticals Limited**

## **Directors' report for the year ended 31 December 2003**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2003.

### **Results**

Details of the results for the financial year are set out in the profit and loss account on page 5. The directors do not recommend the payment of a final dividend (2002: £nil). An interim dividend of £3 million was paid during the year (2002: £3.0 million).

### **Principal activities**

The company's principal activity during the year was the sale and distribution of pharmaceuticals and other products.

### **Review of business and future developments**

The company succeeded in growing profits and cash margins during 2003 despite continuing pressures within the market. The directors consider that the company is well placed to exploit new opportunities within the market and anticipate further growth in the business during the coming year.

### **Political and charitable contributions**

Charitable contributions of £737 were made during the year (2002: £851). No political contributions were made (2002: £Nil).

### **Directors**

The directors of the company, all of whom have been directors for the whole of the year ended 31 December 2003 except where otherwise stated, were as follows:

D Condliffe  
I Davidson  
S R Dunn  
D T Gittins  
J V McKenna  
A J Paddock (appointed 1 January 2003)  
G M Winkle (resigned 31 January 2003)

In accordance with the Articles of Association, none of the directors are required to retire at the annual general meeting.

# **Barclay Pharmaceuticals Limited**

## **Directors' interests**

According to the register kept under section 325 of the Companies Act 1985, no director had a notifiable interest in the shares of the company or other group companies at any time during the year. As permitted, the register does not contain details of directors' interests in parent undertakings which are incorporated outside Great Britain.

None of the directors had a material interest in any contracts with group companies.

## **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 group annual report and news releases are distributed and other matters of importance or interest are featured in regular issues of the group in-house magazine which seeks to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group performance.

Training is regarded as a fundamental requirement and appropriate programmes exist at group, divisional or subsidiary company 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, with suitable retraining for alternative employment, if practicable.

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

# Barclay Pharmaceuticals Limited

## Creditor payment policy

The policy of the company regarding the payment of trade creditors is determined internally rather than drawing upon any published supplier payment code. For the company, the policy is to:

- (a) settle the terms of payment with suppliers when agreeing the terms of each transaction;
- (b) ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- (c) pay in accordance with their contractual and other legal obligations.

The payment policy applies to all creditors for revenue and capital supplies of goods and services, without exception.

The company had 32 days purchases outstanding at 31 December 2003 based on the average daily amount invoiced by suppliers during the year (2002: 35 days)

## Statement of directors' responsibilities

The directors are required by UK Company Law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume the company will continue in business.

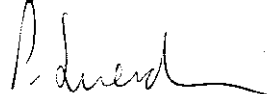
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have been followed.

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

## Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

## By order of the Board



P Smerdon  
Secretary

12 February 2004

## **Independent Auditors' Report to the members of Barclay Pharmaceuticals Limited**

We have audited the financial statements which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes.

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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

### **Basis of audit 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



### **PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors  
Birmingham  
13 February 2004

# Barclay Pharmaceuticals Limited

## Profit and loss account for the year ended 31 December 2003

	Notes	2003 £'000	2002 £'000
Turnover	3	310,917	275,914
Cost of sales		(281,689)	(248,897)
<b>Gross profit</b>		<u>29,228</u>	<u>27,017</u>
Distribution costs		(15,972)	(14,652)
Administrative expenses		(366)	(425)
<b>Operating profit</b>		<u>12,890</u>	<u>11,940</u>
Net interest payable	6	(519)	(119)
<b>Profit on ordinary activities before taxation</b>	7	<u>12,371</u>	<u>11,821</u>
Tax on profit on ordinary activities	8	(3,581)	(3,618)
<b>Profit on ordinary activities after taxation</b>		<u>8,790</u>	<u>8,203</u>
Dividends	9	(3,000)	(3,000)
<b>Retained profit for the year</b>	19	<u><u>5,790</u></u>	<u><u>5,203</u></u>

The results have been derived wholly from continuing operations.

No statement of total recognised gains and losses has been presented as there is no difference compared to the gains and losses presented in the profit and loss account.

There is no material difference between the results above and the results on an unmodified historical cost basis.

# Barclay Pharmaceuticals Limited

## Balance sheet at 31 December 2003

	Notes	2003 £'000	2002 £'000
<b>Fixed assets</b>			
Tangible assets	10	577	609
Investments	11	-	-
		<u>577</u>	<u>609</u>
<b>Current assets</b>			
Stocks	12	49,345	32,000
Debtors:			
Amounts falling due within one year	13	46,652	37,612
Amounts falling due after more than one year	13	20,614	20,699
Cash at bank and in hand		4	1
		<u>116,615</u>	<u>90,312</u>
<b>Creditors:</b> amounts falling due within one year	14	(54,021)	(33,510)
<b>Net current assets</b>		<u>62,594</u>	<u>56,802</u>
<b>Total assets less current liabilities</b>		63,171	57,411
Provisions for liabilities and charges	15	(170)	(200)
<b>Net assets</b>		<u>63,001</u>	<u>57,211</u>
<b>Capital and reserves</b>			
Called-up share capital	18	25,000	25,000
Profit and loss account	19	38,001	32,211
<b>Equity shareholders' funds</b>	20	<u>63,001</u>	<u>57,211</u>

The financial statements on pages 5 to 16 were approved by the board of directors on 12 February 2004 and were signed on its behalf by:



I Davidson  
Director  
12 February 2004



# Barclay Pharmaceuticals Limited

## Notes to the financial statements for the year ended 31 December 2003

### 1 Principal accounting policies

The financial statements have been prepared under the historical cost convention in accordance with applicable Accounting Standards in the United Kingdom. Set out below is a summary of the more important accounting policies, which have been applied consistently except where stated otherwise.

#### Consolidated accounts

The financial statements contain information about Barclay Pharmaceuticals Limited as an individual company, rather than consolidated information as the parent of a group. The company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare group accounts as its results are included by full consolidation in the financial statements of its ultimate parent, Franz Haniel & Cie GmbH, a company incorporated in Germany.

#### Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. Deferred tax liabilities are provided in full, but deferred tax assets are recognised only to the extent it is considered more likely than not that the associated tax deduction can be utilised on their reversal. Deferred tax liabilities and assets are not discounted.

#### Investments

Investments are included in the balance sheet at their cost of acquisition. Where appropriate, provision is made to write down the net book value of the investment to the underlying net asset value of the subsidiary companies.

#### Tangible fixed assets

Tangible fixed assets are stated at cost less provision for depreciation. Cost comprises the purchase cost together with any incidental expenses of acquisition.

Depreciation is calculated by reference to the expected lives of the assets concerned. Additional depreciation may be charged where directors consider there to have been an impairment in the underlying value of an asset. The following rates are applied:

Leasehold properties	period of the lease
Fixtures, fittings and equipment	10% - 25% straight line
Motor vehicles	25% on a reducing balance

# **Barclay Pharmaceuticals Limited**

## **Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Where necessary, provision is made for obsolete, slow moving and defective stocks. Stock in transit which is with third party packaging agents is recognised within stock for resale.

## **Leased assets**

Rental costs under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

## **Foreign currencies and derivatives**

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 balance sheet date are translated at the rates ruling at that date. Any such translation differences are taken to the profit and loss account.

Forward foreign currency contracts are not revalued to fair value or shown in the balance sheet at the year end as all transactions derive from hedging activities.

## **Pensions**

The company contributes to group pension schemes operated by AAH Limited and Lloyds Chemists Limited. Contributions to the defined benefit scheme are determined by a professionally qualified actuary and are based on pension costs across the group as a whole. They are charged to the profit and loss account so as to spread the pension costs over the expected service lives of employees currently participating in the schemes.

Further details are given in note 17 to the financial statements.

## **2 Cash flow statement and related party disclosure**

The company is a wholly owned subsidiary of Celesio AG (formerly GEHE AG), a company registered in Germany, and is included in the financial statements of Celesio AG (formerly GEHE AG), which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

The company has not disclosed transactions with fellow group companies, in accordance with the exemption under the terms of Financial Reporting Standard 8.

## **3 Turnover**

Turnover represents cash and credit sales made in the United Kingdom excluding value added tax.

# Barclay Pharmaceuticals Limited

## 4 Directors' emoluments

	2003 £'000	2002 £'000
Aggregate emoluments	<u>438</u>	<u>406</u>

Retirement benefits are accruing to six directors under a defined benefit scheme (2002: four directors). No such benefits are accruing under money purchase schemes (2002: no directors).

Highest paid director	2003 £'000	2002 £'000
Aggregate emoluments and benefits under long-term incentive schemes	136	116
Defined benefit schemes:		
Accrued pension at end of year	<u>10</u>	<u>8</u>

The emoluments of Mr Davidson and Mr Dunn are paid by a fellow group company (AAH Pharmaceuticals Limited) which makes no recharge to the company. Mr Davidson and Mr Dunn are directors of a number of group companies and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly no emoluments in respect of Mr Davidson and Mr Dunn are disclosed.

Emoluments for Mr Davidson and Mr Dunn are included in the aggregate of directors' emoluments disclosed in the financial statements of AAH Pharmaceuticals Limited.

## 5 Employee information

The average weekly number of persons (including executive directors) employed during the year was:

By function	2003 Number	2002 Number
Direct operating and distribution	407	405
Administration	<u>61</u>	<u>48</u>
	<u>468</u>	<u>453</u>

Staff costs for the above persons were:

	2003 £'000	2002 £'000
Wages and salaries	8,025	7,671
Social security costs	739	683
Other pension costs (see note 17)	<u>112</u>	<u>82</u>
	<u>8,876</u>	<u>8,436</u>

# Barclay Pharmaceuticals Limited

## 6 Net interest payable

	2003 £'000	2002 £'000
<b>Interest payable and similar charges</b>		
Group interest	(565)	(118)
Other interest and similar charges	-	(1)
<b>Interest receivable</b>		
Bank interest	21	-
Other interest	25	-
	<u>(519)</u>	<u>(119)</u>

## 7 Profit on ordinary activities before taxation

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

	2003 £'000	2002 £'000
Depreciation - tangible owned assets		
Charge for the year	238	195
Auditors' remuneration - for audit	33	28
Operating lease rentals:		
Land and buildings	656	494
Plant and machinery	-	26
Other	1,084	1,024
Release of surplus property provision	<u>-</u>	<u>(87)</u>

# Barclay Pharmaceuticals Limited

## 8 Tax on profit on ordinary activities

	2003 £'000	2002 £'000
UK corporation tax at 30% (2002: 30%)	3,745	3,542
Adjustment in respect of previous years	(179)	-
Current tax	3,566	3,542
Deferred taxation (see note 16)	15	76
	<u>3,581</u>	<u>3,618</u>

The reconciliation of the current year tax charge is as follows:

Profit before tax multiplied by full UK corporation tax rate of 30% (2002: 30%)	3,711	3,546
Expenses not deductible for tax purposes:		
Permanent differences	39	51
Timing differences	(1)	(31)
Capital allowances for the period less depreciation	(4)	(23)
Profit on sale of assets to extent differs from chargeable gain	-	(1)
Adjustments for prior periods	(179)	-
	<u>3,566</u>	<u>3,542</u>

No provision has been made for deferred tax on the sale of assets where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the assets were sold without it being possible to claim rollover relief. The total not provided is £73,000 (2002: £73,000). At present it is not envisaged that any tax will be payable in the foreseeable future.

## 9 Dividends

	2003 £'000	2002 £'000
Interim paid	<u>3,000</u>	<u>3,000</u>

# Barclay Pharmaceuticals Limited

## 10 Tangible fixed assets

Movements in the year ended 31 December 2003

	Short leasehold land and buildings £'000	Fixtures, fittings, plant and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
At 1 January	695	2,278	212	3,185
Additions	-	206	-	206
<b>At 31 December</b>	<b>695</b>	<b>2,484</b>	<b>212</b>	<b>3,391</b>
<b>Depreciation</b>				
At 1 January	502	1,952	122	2,576
Charge for year	53	150	35	238
<b>At 31 December</b>	<b>555</b>	<b>2,102</b>	<b>157</b>	<b>2,814</b>
<b>Net book value</b>				
<b>At 31 December</b>	<b>140</b>	<b>382</b>	<b>55</b>	<b>577</b>
At 1 January	193	326	90	609

## 11 Investments

	Shares in Subsidiaries £'000
<b>Cost</b>	
At 1 January 2003 and 31 December 2003	<u>1,053</u>
<b>Provision for impairment</b>	
At 1 January 2003 and 31 December 2003	<u>(1,053)</u>
<b>Net book value</b>	
At 1 January 2003 and 31 December 2003	<u>-</u>

Subsidiary	Nature of business	Country of incorporation	Class of capital	% held
Illingworth Healthfoods Limited	Dormant	England and Wales	£1 ordinary shares	100
John Hamilton (Pharmaceuticals) Limited	Dormant	Scotland	£1 ordinary shares	100

# Barclay Pharmaceuticals Limited

## 12 Stocks

	2003 £'000	2002 £'000
Finished goods and goods for resale	<u>49,345</u>	<u>32,000</u>

## 13 Debtors

	2003 £'000	2002 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	41,387	33,598
Amounts owed by parent and fellow subsidiaries	3,369	2,282
Other debtors	1,646	1,378
Prepayments and accrued income	250	354
	<u>46,652</u>	<u>37,612</u>
<b>Amounts falling due after more than one year:</b>		
Amounts owed by parent and fellow subsidiaries	20,491	20,561
Deferred taxation (Note 16)	123	138
	<u>20,614</u>	<u>20,699</u>

## 14 Creditors

	2003 £'000	2002 £'000
<b>Amounts falling due within one year:</b>		
Bank overdraft	18,253	1,052
Trade creditors	24,117	25,746
Amounts owed to parent and fellow subsidiaries	2,323	1,187
Amounts owed to other group companies	3,882	1,053
Corporation tax	2,145	1,959
Other taxation and social security payable	2,265	1,686
Other creditors	411	183
Accruals and deferred income	625	644
	<u>54,021</u>	<u>33,510</u>

The bank overdraft is part of a group facility under which subsidiaries of Admenta UK plc (formerly GEHE UK plc) provide cross guarantees for bank overdrafts operated by other companies within the UK group.

# Barclay Pharmaceuticals Limited

## 15 Provisions for liabilities and charges

	Property £'000
At 1 January 2003	200
Utilised during the year	(30)
<b>At 31 December 2003</b>	<b><u>170</u></b>

The property provision represents an assessment of the costs to cover rent and rates for vacant leasehold premises, taking account of the anticipated period until the leases are assigned or disposed of. The assessment, which is undertaken at the end of each accounting period, is made on a property by property basis in conjunction with the group's property services department.

It is expected that approximately £50,000 of the property provision will be utilised within one year. The remaining balance of £120,000 will be used throughout the period until the assignment or disposal of the premises over a maximum remaining period of 4 years.

## 16 Deferred taxation

	2003 £'000	2002 £'000
At 1 January	(138)	(214)
Transferred to profit and loss account (see note 8)	<u>15</u>	<u>76</u>
<b>At 31 December</b>	<b><u>(123)</u></b>	<b><u>(138)</u></b>

The deferred tax asset recognised is as follows:

Accelerated capital allowances	(109)	(120)
Short term timing differences	<u>(14)</u>	<u>(18)</u>
	<b><u>(123)</u></b>	<b><u>(138)</u></b>

The deferred tax asset recognised in the financial statements is included within debtors falling due after more than one year.



# Barclay Pharmaceuticals Limited

## 17 Pension obligations

The company participates in group pension schemes operated by AAH Limited and Lloyds Chemists Limited, one of which is defined benefit and two defined contribution. All of the schemes are funded and constituted as independently administered funds with their assets being held separately from those of the company. The funds relating to the defined benefit schemes are valued every three years by a professionally qualified, independent actuary, the rates of contribution payable being determined by the actuary. The latest actuarial assessment of the scheme was at 6 April 2002. Particulars of the valuation are contained in the accounts of AAH Limited.

There were amounts of £14,000 accrued in respect of pension scheme contributions at the balance sheet date (2002: £19,000)

The company provides no other post-retirement benefits to its employees.

The figures incorporated within the accounts are under SSAP 24 but in addition an actuarial valuation was carried out as at 31 December 2003 for FRS 17 disclosure purposes.

With regard to the defined benefit scheme it is not possible to determine the company's share of the underlying assets and liabilities and therefore the pension charge is disclosed on a defined contribution basis. This scheme is disclosed in the accounts of AAH Limited.

## 18 Called-up share capital

	2003 £'000	2002 £'000
Authorised, allotted, called up and fully paid 25,000,000 ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>

## 19 Reserves

	Profit and loss account £'000
At 1 January 2003	32,211
Retained profit for the financial year	<u>5,790</u>
At 31 December 2003	<u>38,001</u>

# Barclay Pharmaceuticals Limited

## 20 Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
Profit for the financial year	8,790	8,203
Dividends	(3,000)	(3,000)
Retained profit for the year	5,790	5,203
Opening shareholders' funds	57,211	52,008
Closing shareholders' funds	63,001	57,211

## 21 Financial commitments

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	31 December 2003		31 December 2002	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Expiring within one year	-	173	-	80
Expiring between two and five years	671	751	671	871
	671	924	671	951

## 22 Capital commitments

Capital expenditure that has been contracted for but has not been provided for in the financial statements amounts to £nil (2002: £nil).

## 23 Ultimate parent undertaking and ultimate controlling party

The immediate parent undertaking is AAH Subsidiaries 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 (formerly GEHE AG) and its consolidation of the Celesio AG Group (formerly GEHE 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 accounts for the smallest group of companies are prepared by Celesio AG (formerly GEHE AG) and may be obtained from Celesio AG, Neckartalstrasse 155, D-70376 Stuttgart, Germany.