

ADAMS HEALTHCARE LIMITED

Report and Financial Statements

31 December 2002



Deloitte & Touche LLP
Manchester

ADAMS HEALTHCARE LIMITED

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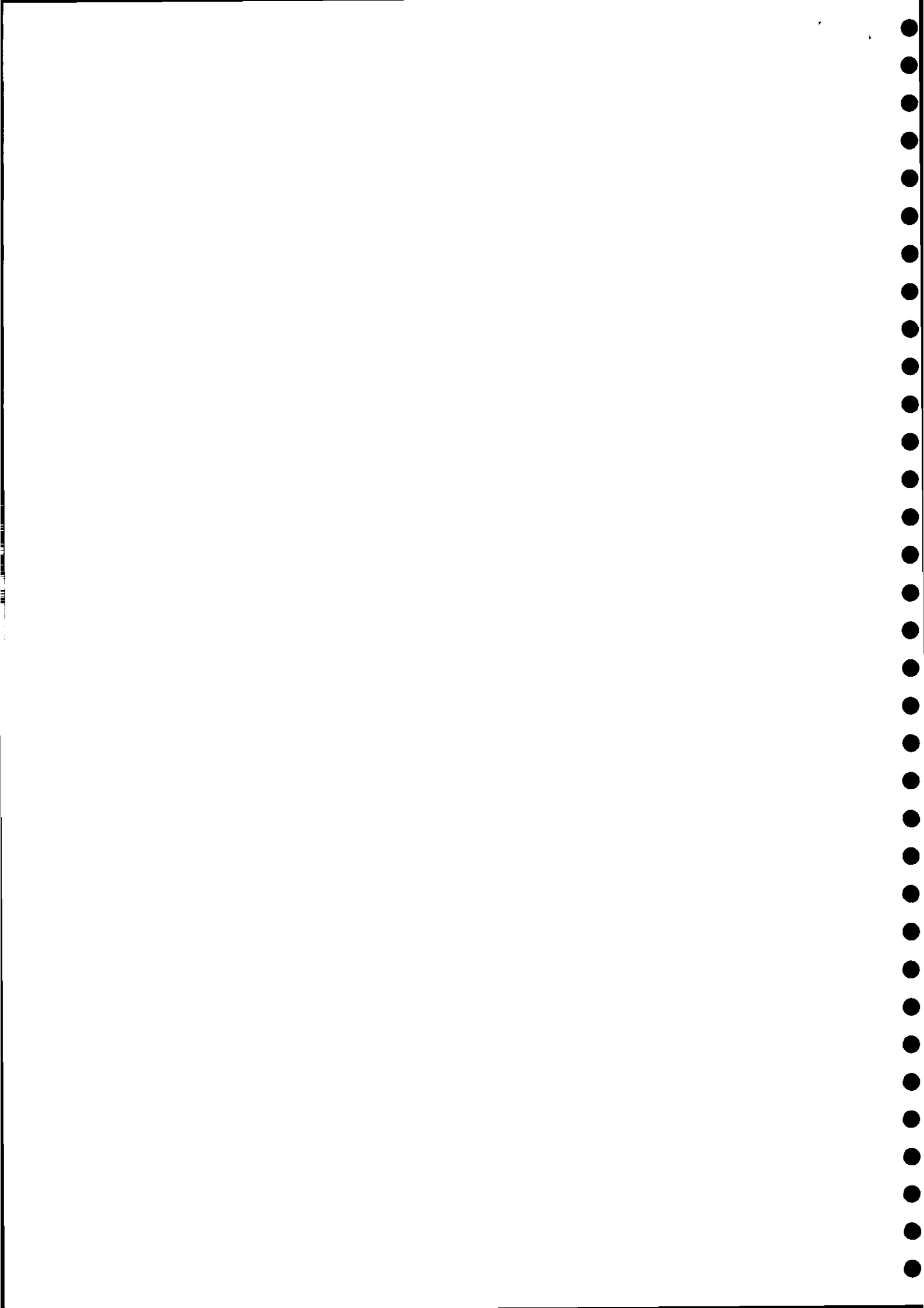
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ADAMS HEALTHCARE LIMITED

REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C.A. Green	(appointed 20 December 2002)
A.D. Longstaffe ACA	(appointed 20 December 2002)
Dr. R.H. Adams B.Sc, M.Sc, C.Chem, MRSC, F Inst D	(resigned 17 March 2003)
D.E. Seymour	(resigned 2 December 2002)
R.M. Bloxham	(resigned 2 December 2002)
P. Addison	(resigned 2 December 2002)
A.D. Newsome	(resigned 2 December 2002)
T.M. Twose	(resigned 8 February 2002)
K.E. Earshaw	(appointed 2 January 2002, resigned 2 December 2002)

SECRETARY

A.D. Longstaffe

REGISTERED OFFICE

1 Orchard Place
Nottingham Business Park
Nottingham
NG8 6PX

BANKERS

National Westminster Bank plc
Manchester City Centre Branch
11 Spring Gardens
Manchester
M60 2EB

AUDITORS

Deloitte & Touche LLP
Manchester

ADAMS HEALTHCARE LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company and the audited financial statements for the year ended 31 December 2002.

ACTIVITIES

The principal activities of the company are the manufacturing and distribution of pharmaceutical products to the hospital and industrial markets. As from 2 October 2001 the company was also acting as a distribution agent on behalf of Quinoderm Limited, a manufacturer of pharmaceutical products and a Group undertaking.

On 29 January 2002 Adams Healthcare Limited purchased the entire share capital of Quinoderm Limited, a fellow Medical Solutions plc subsidiary company. The shares were purchased from the ultimate holding company Medical Solutions Plc.

The consideration for this purchase was 1,100,000 ordinary shares. As part of the Group reorganisation the business of Quinoderm Limited was transferred to Adams Healthcare Limited on 30 January 2002.

As part of the Medical solutions Group restructuring the trade and assets of Adams Healthcare Limited were sold to Ecolab Limited for the consideration of £14,825,000 on 31 December 2002.

On 31 December 2002 the company ceased to trade and became dormant.

RESEARCH AND DEVELOPMENT ACTIVITIES

During the year the company undertook research into dermatology products in order to enhance their product lines.

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 31 December 2002 are set out on pages 6 to 19. The profit for the year after taxation was £3,094,000 (2001 - £716,000).

The directors do not recommend the payment of a dividend in the current year (2001 - £nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

C.A. Green	(appointed 20 December 2002)
A.D. Longstaffe ACA	(appointed 20 December 2002)
Dr. R.E. Adams B.Sc, M.Sc, C.Chem, MRSC, F Inst D	(resigned 17 March 2003)
D.E. Seymour	(resigned 2 December 2002)
R.M. Bloxham	(resigned 2 December 2002)
P. Addison	(resigned 2 December 2002)
A.D. Newsome	(resigned 2 December 2002)
T.M. Twose	(resigned 8 February 2002)
K.E. Earnshaw	(appointed 2 January 2002, resigned 2 December 2002)

The directors do not have any interests in the share capital of the company.

Dr R.H. Adams, A.D. Longstaffe, C.A. Green are also the directors of the parent company, their share interests and options are disclosed in the accounts of that company.

ADAMS HEALTHCARE LIMITED

DIRECTORS' REPORT

AUDITORS

On 1 August 2003, Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Secretary

21 November 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADAMS HEALTHCARE LIMITED

We have audited the financial statements of Adams Healthcare Limited for the year ended 31 December 2002, which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, and the related notes numbered 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Manchester
21 November 2003

ADAMS HEALTHCARE LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2002

	Note	2002 £'000	2001 £'000
TURNOVER	2	11,859	10,504
Cost of sales		(5,056)	(6,139)
Gross profit		5,803	4,365
Other operating expenses (net)	3	(4,655)	(3,908)
OPERATING PROFIT		1,148	457
Profit on sale of discontinued operations		2,187	-
Profit on ordinary activities before finance charges	5	3,335	457
Finance charges (net)	6	(154)	(245)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	3,181	212
Tax on profit on ordinary activities	8	(87)	504
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	17	3,094	716

All activity arose from discontinued operations.

The accompanying notes are an integral part of this profit and loss account.

There are no recognised gains or losses in either period other than the loss for that period. Accordingly no statement of total recognised gains and losses has been prepared.

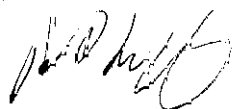
ADAMS HEALTHCARE LIMITED

BALANCE SHEET 31 December 2002

	Note	2002 £'000	2001 £'000
FIXED ASSETS			
Intangible assets	9	-	4,667
Tangible assets	11	-	2,557
Investments	10	3,500	-
		<u>3,500</u>	<u>7,224</u>
CURRENT ASSETS			
Stocks		-	1,169
Debtors	12	16,253	2,657
Cash at bank and in hand		558	871
		<u>16,816</u>	<u>4,697</u>
CREDITORS: Amounts falling due within one year	13	<u>(5,182)</u>	<u>(2,776)</u>
NET CURRENT ASSETS		<u>11,634</u>	<u>1,921</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>15,134</u>	<u>9,145</u>
CREDITORS: Amounts falling due after more than one year	14	<u>(1,812)</u>	<u>(2,417)</u>
NET ASSETS		<u>13,322</u>	<u>6,278</u>
CAPITAL AND RESERVES			
Called up share capital	16	5,779	4,679
Share premium account	17	2,640	240
Profit and loss account	17	4,903	1,809
Shareholders' funds	18	<u>13,322</u>	<u>6,728</u>

These financial statements were approved by the Board of Directors on 21 November 2003.

Signed on behalf of the Board of Directors



Director

The accompanying notes are an integral part of this balance sheet.

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year with the exception of the policy for deferred taxation where FRS 19 "Deferred Tax" has been implemented during the year. No adjustment was regarded in respect of this implementation.

Basis of accounting

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

The company is a wholly owned subsidiary of Medical Solutions Plc which prepares consolidated financial statements which are publicly available. The company is exempt from the requirements of FRS 1 to prepare a cash flow statement.

Intangible assets – goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is twenty years. Provision is made for any impairment.

Intangible assets – research and development and know-how

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. This period is between three and five years. Provision is made for any impairment.

Know-how represents the acquired industrial information and techniques brought by the management team which assist directly in the manufacturing of the products. This includes formulations, test reports, operating and testing procedures, instructions on use and information on operating conditions, whether human or in machine-readable form.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all fully commissioned tangible fixed assets, other than land, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Plant and machinery	5 to 10 years
Fixtures, fittings and equipment	5 to 10 years
Land and freehold property	25 years

Residual value of fixed assets is calculated on prices prevailing at the date of acquisition. Profits or losses on the disposal of fixed assets are included in the calculation of profit for the financial year.

Stocks

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

Net realisable value is based on expected normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gains or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Pension costs

The Group operates defined contribution pension schemes for the benefit of the directors and employees of the Group. The assets of the scheme are administered by trustees in funds independent from those of the Group.

The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

ADAMS HEALTHCARE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

1. ACCOUNTING POLICIES (continued)

Turnover

Turnover represents amounts receivable for goods or services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

2. TURNOVER

An analysis of turnover by geographical market is given below:

	2002 £'000	2001 £'000
United Kingdom and Republic of Ireland	10,026	9,100
Other	1,833	1,404
	<u>11,859</u>	<u>10,504</u>

3. OTHER OPERATING EXPENSES

	2002 £'000	2001 £'000
Distribution costs	2,763	2,253
Administrative expenses	1,913	1,655
	<u>4,676</u>	<u>3,908</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2002 £'000	2001 £'000
Depreciation and amounts written off tangible fixed assets		
- owned	285	199
- held under finance leases and hire purchase contracts	86	89
Research and development		
- current year expenditure	248	273
Amortisation of know-how	150	150
Amortisation of goodwill	290	146
Operating lease rentals		
- plant and machinery	164	164
- other	20	20
Auditors' remuneration for audit services	11	13
	<u></u>	<u></u>

Amounts payable to Deloitte & Touche and their associates by the company in respect of non-audit services were £nil (2001 - £nil).

ADAMS HEALTHCARE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

5. PROFIT ON DISCONTINUED OPERATIONS

On 31 December 2002 the trade and assets of Adams Healthcare Limited were sold to Ecclab Limited. This resulted in a profit on disposal of the trade and assets of Adams Healthcare Limited of £2,186,000.

This resulted in tax of £211 on the gain due to the availability of capital losses within the Group and the availability of roll-over relief.

6. FINANCE CHARGES (NET)

	2002 £'000	2001 £'000
Interest payable and similar charges	154	523
Less: Investment income	-	(278)
	<u>154</u>	<u>245</u>
	2002 £'000	2001 £'000
Investment income	-	278
Interest receivable and similar income	-	278
	<u>2002 £'000</u>	<u>2001 £'000</u>
Interest payable and similar charges		
Bank loans and overdrafts	137	492
Finance leases and hire purchase contract	17	31
	<u>154</u>	<u>523</u>

7. STAFF COSTS

	2002 £'000	2001 £'000
Employee costs during the year amounted to:		
Wages and salaries	2,182	2,076
Pension costs (see note 21)	112	64
Social security costs	231	192
	<u>2,525</u>	<u>2,332</u>
	2002 No.	2001 No.
The average monthly number of persons employed by the company during the year was as follows:		
Production and distribution	46	46
Administration and finance	36	54
	<u>82</u>	<u>100</u>

ADAMS HEALTHCARE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

7. STAFF COSTS (continued)

Remuneration

The remuneration of the directors was as follows:

	2002 £'000	2001 £'000
Emoluments	579	420
Company contributions to money purchase pension schemes	16	16
	<u>595</u>	<u>436</u>

Pensions

The number of directors who were members of pension schemes is as follows:

	2002 No.	2001 No.
Money purchase scheme	<u>4</u>	<u>4</u>

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2002 £'000	2001 £'000
Emoluments	348	121
Company contributions to money purchase pension schemes	7	7
	<u>355</u>	<u>128</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £'000	2001 £'000
UK corporation tax	92	5
Deferred taxation	-	(299)
	<u>92</u>	<u>(294)</u>
Adjustments in respect of prior periods	(5)	(210)
	<u>87</u>	<u>(504)</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The tax charge comprises:

	2002 £'000	2001 £'000
Current tax		
UK corporation tax	(92)	(5)
Adjustments in respect of prior years		
UK corporation tax	5	210
Total current tax	(87)	205
Deferred tax		
Origination and reversal of timing differences	575	36
Adjustment in estimate of recoverable deferred tax asset	(566)	260
Adjustment in respect of prior years	(9)	-
Total deferred tax	-	299
Total tax on profit on ordinary activities	(87)	504

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	3,181	212
Tax on group profit on ordinary activities at standard UK corporation tax rate of 30% (2001 - 30%)	(954)	(64)
Effects of:		
Expenses not deductible for tax purposes	(47)	(55)
Capital allowances in excess of depreciation	(584)	34
Movement in short term timing differences	9	3
Group relief	424	37
Disposal of trade and assets	1,042	-
R&D tax relief	18	40
Adjustments to tax charge in respect of previous periods	5	210
Current tax charge for year	(87)	205

ADAMS HEALTHCARE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

9. INTANGIBLE FIXED ASSETS

	Know-how £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2002	3,000	3,074	6,074
Additions	-	2,979	2,979
Disposal	(3,000)	(6,053)	9,053
At 31 December 2002	-	-	-
Accumulated depreciation			
At 1 January 2002	858	549	1,407
Charge for the year	150	290	440
Disposal	(1,008)	(839)	(1,347)
At 31 December 2002	-	-	-
Net book value			
At 31 December 2002	-	-	-
At 31 December 2001	2,142	2,525	4,667

10. FIXED ASSET INVESTMENTS

	2002 £'000	2001 £'000
At 1 January 2002	-	-
Additions	3,500	-
At 31 December 2002	3,500	-

The subsidiary undertakings of Adams Healthcare Limited and their respective activities were as follows at 31 December 2002:

	Country of incorporation or principal business address	Principal activity	% held
Quinoderm Limited	England	Dormant	100

ADAMS HEALTHCARE LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2002

11. TANGIBLE FIXED ASSETS

	Building £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 January 2002	1,477	1,209	910	3,596
Additions	71	129	128	328
Disposal	(1,548)	(1,338)	(1,038)	(3,924)
At 31 December 2002	-	-	-	-
Accumulated depreciation				
At 1 January 2002	148	447	444	1,039
Charge for the year	61	167	143	371
Disposal	(209)	(614)	(587)	(1,410)
At 31 December 2002	-	-	-	-
Net book value				
At 31 December 2002	-	-	-	-
At 31 December 2001	1,329	655	466	2,557
				Plant and machinery £'000
Leased assets included above				
Net book value				
At 31 December 2002				-
At 31 December 2001				544

12. DEBTORS

	2002 £'000	2001 £'000
Trade debtors	-	1,939
Amounts owed by group undertaking	16,258	449
Prepayments and accrued income	-	269
	16,258	2,657

ADAMS HEALTHCARE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £'000	2001 £'000
Bank loans and overdrafts	432	429
Obligations under finance leases and hire purchase contracts	-	117
Trade creditors	-	397
Amounts owed to group undertakings	775	979
Corporation tax	74	5
Other taxation and social security	-	249
Accruals and deferred income	401	600
Unsecured loan notes	3,500	-
	<u>5,182</u>	<u>2,776</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £'000	2001 £'000
Obligations under finance leases and hire purchase contracts	-	182
Bank loans	1,812	2,235
	<u>1,812</u>	<u>2,417</u>

The bank loan is repayable in equal instalments and bears interest at a fixed rate of 9.5% per annum. The bank loan is secured by a fixed and floating charge over the company's assets.

Borrowings are repayable as follows:

	2002 £'000	2001 £'000
Bank loans		
Between one and two years	836	857
Between two and five years	866	1,378
On demand or within one year	432	429
	<u>1,754</u>	<u>2,664</u>
	2002 £'000	2001 £'000
Finance leases		
Between one and two years	-	196
Between two and five years	-	-
On demand or within one year	-	154
	<u>-</u>	<u>350</u>
Less interest	-	(51)
Net obligation	<u>-</u>	<u>299</u>

ADAMS HEALTHCARE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

	2002 £'000	2001 £'000
Unsecured loan notes		
Between one and two years	-	-
Between two and five years	-	-
On demand or within one year	3,500	-
	<u>3,500</u>	<u>-</u>
	2002 £'000	2001 £'000
Total borrowings including finance leases		
Between one and two years	836	1,053
Between two and five years	866	1,378
	<u>1,812</u>	<u>2,431</u>
On demand or within one year	3,932	583
	<u>5,744</u>	<u>3,014</u>

15. PROVISIONS FOR LIABILITIES AND CHARGES

	£'000
At 1 January 2002	-
Released during the year	-
At 31 December 2002	<u>-</u>
No deferred tax liability arises due to the available Group tax losses.	
Deferred tax	
Deferred tax is provided as follows:	
	2002 £'000
Accelerated capital allowances	-
Available tax losses	-
	<u>-</u>
Provision for deferred tax	<u>-</u>

ADAMS HEALTHCARE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

16. CALLED UP SHARE CAPITAL

	2002 £'000	2001 £'000
Authorised 5,787,715 (2001 - 687,215) ordinary shares of £1 each	5,788	4,688
Called up, allotted and fully paid 5,778,675 (2001 - 4,575,675) ordinary shares of £1 each	5,779	4,679

During the year, on 29 January 2002, the company allotted 1,100,000 ordinary shares with a nominal value of £1,100,000 in connection with the acquisition of Quinoderm Limited. These shares were issued at a premium of £2,400,000 or £2.18 share premium per ordinary share.

17. RESERVES

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2002	240	1,809	2,049
Share issues	2,400	-	2,400
Retained profit for the year	-	3,094	3,094
At 31 December 2002	2,640	4,903	7,543

18. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2002 £'000	2001 £'000
Profit for the year	3,094	716
New shares issued	3,500	-
Net addition to shareholders' funds	6,594	716
Opening shareholders' funds as previously stated	6,728	6,012
Closing shareholders' funds	13,322	6,728

19. FINANCIAL COMMITMENTS

Capital commitments at 31 December 2002 amounted to £nil (2001 - £nil).

Annual commitments under non-cancellable operating leases are as follows:

	2002		2001	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date				
- within one year	-	-	-	38
- between two and five years	-	-	16	104
	-	-	16	142

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

20. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2002 (2001 - £nil).

21. PENSION ARRANGEMENTS

The company operates defined contribution pension schemes. The assets of the schemes are administered by trustees in funds independent from those of the company. The pension cost charge for the year amounted to £12,000 (2001 - £64,000).

22. ULTIMATE CONTROLLING PARTY

The directors regard Medical Solutions plc, a company incorporated in England and Wales, as the ultimate parent company and the ultimate controlling party.

Medical Solutions plc is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from Medical Solutions plc, 1 Orchard Place, Nottingham Business Park, Nottingham, NG8 6PX.

As a subsidiary undertaking of Medical Solutions plc, the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Medical Solutions plc.