

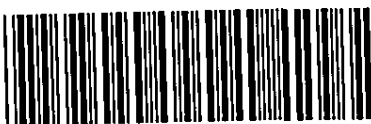
# **Brights Chemists Limited**

## **Financial Statements**

**For the period ended**

**31 March 2008**

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# **Brights Chemists Limited**

## **Financial Statements**

**For the period ended 31 March 2008**

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# **Brights Chemists Limited**

## **Report and financial statements 31 March 2008**

### **Officers and professional advisers**

#### **Directors**

C D Aylward  
P D Kennerley  
M F Muller

#### **Company Secretary**

M F Muller

#### **Registered Office**

Fern House  
53 – 55 High Street  
Feltham  
Middlesex  
TW13 4HU

#### **Auditors**

KPMG Audit Plc  
Chartered Accountants  
8 Salisbury Square  
London  
EC4Y 8BB

# Brights Chemists Limited

## Directors' Report

*for the period ended 31 March 2008*

The directors present their annual report and the audited financial statements for the period 11 May 2007 to 31 March 2008.

### 1. Principal activity

The company was dormant for the majority of the period under review. The principal activity of the company was previously the retailing of health and beauty and allied products.

### 2. Review of the business

The company did not trade during the period and will remain non-trading for the foreseeable future. The results for the period ended 31 March 2008 include only the profit on disposal of the business to E. Moss Limited. Included in the financial statements are comparative figures for the period 1 October 2006 to 10 May 2007.

The directors' report has been prepared in accordance with the provisions relating to small companies under section 246(4) of the Companies Act 1985.

### 3. Results and dividends

The profit after taxation amounted to £4,280,545 for the period ended 31 March 2008 (period ended 10 May 2007: Loss of £122).

The directors declared an interim dividend amounting to £4,431,647 (period ended 10 May 2007: £nil) on 11 May 2007.

### 4. Directors

The directors in office at 31 March 2008 were as follows:

C D Aylward (appointed 10 May 2007)  
M F Muller (appointed 10 May 2007)  
P D Kennerley (appointed 10 May 2007)

None of the directors above held any interests in the company in the current financial period.

On 10 May 2007 B Patel resigned as director and N Patel resigned as director and company secretary.

### 5. Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### 6. Auditors

KPMG Audit Plc was appointed auditor during the year, and will be proposed for reappointment in accordance with s385 of the Companies Act 1985.

By order of the board



M F Muller  
Director

16 January 2009

# **Brights Chemists Limited**

## **Statement of Directors' responsibilities**

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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.

In preparing these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They 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.

# **Independent auditor's report to the members of Brights Chemists Limited**

We have audited the financial statements of Brights Chemists Limited for the period ended 31 March 2008 which comprise the Profit and loss account, the Balance sheet, and the related notes. 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 auditor's 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

## **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

# **Independent auditor's report to the members of Brights Chemists Limited (continued)**

## **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

## **Emphasis of matter – prior period financial statements**

In forming our opinion, which is not qualified, we note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditors to state that the corresponding figures contained within these financial statements are unaudited.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

16 January 2009

# Brights Chemists Limited

## Profit and loss Account

*for the period ended 31 March 2008*

		Period ended 31 March 2008 £	Period ended 10 May 2007 £
	Note		
Turnover		-	2,605,175
Cost of sales		-	(1,831,724)
Gross profit		-	773,451
Administrative expenses		-	(685,579)
Other operating income		-	1,345
Operating profit	2	-	89,217
Profit on disposal of business	4	4,280,545	-
Profit on ordinary activities before interest		4,280,545	89,217
Interest receivable and similar income		-	1,487
Interest payable and similar charges		-	(82,363)
Profit on ordinary activities before taxation		4,280,545	8,341
Tax on profit on ordinary activities	5	-	(8,463)
Profit/(loss) after taxation for the financial period	16	4,280,545	(122)

The results for the current and prior period relates to discontinued operations as the company's trading assets were transferred to E. Moss Limited on 11 May 2007.

There were no recognised gains and losses for the periods ended 31 March 2008 and 10 May 2007 other than those included in the profit and loss account.



# Brights Chemists Limited

## Balance sheet

31 March 2008

	Note	31 March 2008 £	10 May 2007 £
<b>Fixed assets</b>			
Intangible assets	7	-	1,063,578
Tangible assets	8	-	255,877
		<u>-</u>	<u>1,319,455</u>
<b>Current assets</b>			
Stocks	9	-	231,745
Debtors	10	100	1,211,058
Cash at bank and in hand		-	2,080
		<u>100</u>	<u>1,444,883</u>
<b>Current liabilities</b>			
Creditors: Amounts due in less than one year	11	-	(1,030,341)
<b>Net current assets</b>		<u>100</u>	<u>414,542</u>
<b>Total assets less current liabilities</b>		100	1,733,997
<b>Non-current liabilities</b>			
Creditors - Amounts due after more than one year	12	-	(1,560,652)
Provisions for liabilities and charges:			
Deferred taxation	14	-	(22,143)
		<u>100</u>	<u>151,202</u>
<b>Capital and reserves</b>			
Called up share capital	15	100	100
Profit and loss account	16	-	151,102
		<u>100</u>	<u>151,202</u>

These financial statements were approved by the Board of Directors on 16 January 2009.

By order of the board



M F Muller  
Director

# Brights Chemists Limited

## Notes to the Financial Statements

*for the period ended 31 March 2008*

### 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 in accordance with United Kingdom Generally Accepted Accounting Practice, and under the historical cost accounting rules. The financial year end has been changed to 31 March to align the company with the group of companies to which it belongs.

#### Cash flow statement

The company has taken advantage of the exemption allowed under Financial Reporting Standard (FRS) No. 1 (Revised), "Cash Flow Statements" from the requirement to present a cash flow statement because it is a wholly owned subsidiary undertaking of Alliance Boots GmbH whose consolidated financial statements are publicly available and contain a consolidated cash flow statement.

#### Turnover

Turnover comprises retail sales to external customers (excluding value added tax). Consideration received from customers is only recorded as turnover when the company has completed full performance in respect of that consideration. This is when the sale is made in the store. All turnover is sourced in and is destined for the United Kingdom.

#### Goodwill

Goodwill is amortised over its estimated useful economic life on a straight-line basis. The directors consider the estimated useful life of goodwill on acquisitions to be 20 years.

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided to write-off the cost less residual value, over their expected economic useful lives as follows:

Land and buildings	- 50 years
Plant and machinery etc.	- between 5 and 7 years

Any impairment in the value of such fixed assets is recognised immediately.

#### Leases

The rental costs of properties and other assets acquired under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

Benefits received as an incentive to sign a lease, whatever form they may take, are credited to the profit and loss account on a straight line basis over the lease term or, if shorter than the full lease term, over the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate.

Leases and hire purchase contracts, for which the company assumes substantially all of the risks and rewards of ownership, are classified as finance leases. The cost of assets held under finance leases is included under tangible fixed assets and depreciation is provided in accordance with the policy for the class of asset concerned. The corresponding obligations under these leases are shown as creditors. The finance charge element of rentals is charged to the profit and loss account to produce, or approximate to, a constant periodic rate of charge on the remaining balance of the outstanding obligations.

# Brights Chemists Limited

## Notes to the Financial Statements

for the period ended 31 March 2008(continued)

### 1. Accounting policies (continued)

#### Stocks

Stock is valued at the lower of cost and net realisable value. Cost comprises purchase cost of goods and costs related to distribution to its current location and condition.

#### Pensions

The company participated in a defined contribution scheme. Contributions payable to the defined contribution scheme are charged to the profit and loss account in the period they fall due. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### 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 substantively enacted by the balance sheet date. Deferred tax is provided in respect of all timing differences that have originated, but not reversed, by the balance sheet date. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date. This is in accordance with Financial Reporting Standard No. 19 "Deferred Tax".

No provision is made for any potential liability to corporation tax on capital gains arising on disposals of assets where any liability is expected to be deferred indefinitely.

Deferred tax assets are recognised to the extent that they are regarded as more likely than not to be recovered.

#### Dividends on shares presented within shareholder's funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

### 2. Operating profit

Operating profit is stated after charging/(crediting)

	Period ended 31 March 2008 £	Period ended 10 May 2007 £
Amortisation of intangible fixed assets	-	44,474
Depreciation of owned assets	-	24,549
Depreciation of assets on hire purchase contracts	-	5,914
Profit on disposal of fixed assets	-	(11,843)

Auditor's remuneration and expenses are borne by E. Moss Limited.

### 3. Employees

	Period ended 31 March 2008 £	Period ended 10 May 2007 £
Staff costs comprise:		
Wages	-	260,562
Pension costs - staff	-	920
Social security	-	25,433
Directors remuneration		
- Emoluments	-	70,000
- Pension costs	-	92,000
	-	448,915

# Brights Chemists Limited

## Notes to the Financial Statements

for the period ended 31 March 2008(continued)

### 4. Profit on disposal of business

This relates to the transfer of net assets to E. Moss Limited on 11 May 2007. Net assets with a book value of £151,202 were transferred for £4,431,747.

### 5. Tax on profit on ordinary activities

	Period ended 31 March 2008 £	Period ended 10 May 2007 £
<b>Current tax</b>		
UK Corporation tax at 30% (2007: 30%)	-	8,100
<b>Deferred taxation</b>		
Origination and reversal of timing differences	-	363
<b>Tax on profit on ordinary activities</b>	<u>-</u>	<u>8,463</u>

### Reconciliation of the current tax charge

Profit on ordinary activities before tax	4,280,545	8,341
Profit on ordinary activities multiplied by standard rate of UK corporation tax (30%)	1,284,164	2,502
Non taxable gain on transfer of assets	(1,284,164)	
Disallowable expenses	-	13,342
Excess of depreciation over capital allowances	-	1,330
Small companies relief	-	(9,074)
<b>Current tax charge for the period</b>	<u>-</u>	<u>8,100</u>

### 6. Dividends

	Period ended 31 March 2008 £	Period ended 10 May 2007 £
Ordinary dividends on equity shares		
- interim dividend paid (£44,316.47 per share)	4,431,647	-

The 2008 interim dividend was declared on 11 May 2007. The Directors do not recommend a final dividend (period ended 10 May 2007: £nil).

# Brights Chemists Limited

## Notes to the Financial Statements

for the period ended 31 March 2008(continued)

<b>7. Intangible fixed assets</b>	<b>Goodwill</b>
	<b>£</b>
<b>Cost:</b>	
At 11 May 2007	1,462,467
Disposals to group undertaking	(1,462,467)
At 31 March 2008	-
<b>Amortisation</b>	
At 11 May 2007	398,889
Disposals to group undertaking	(398,889)
At 31 March 2008	-
<b>Net book value:</b>	
At 31 March 2008	-
<b>Net book value:</b>	
At 10 May 2007	1,063,578
<b>8. Tangible fixed assets</b>	<b>Plant and machinery etc</b>
	<b>£</b>
<b>Cost or valuation:</b>	
At 11 May 2007	377,341
Disposals to group undertaking	(377,341)
At 31 March 2008	-
<b>Depreciation:</b>	
At 11 May 2007	121,464
Disposals to group undertaking	(121,464)
At 31 March 2008	-
<b>Net book value:</b>	
At 31 March 2008	-
<b>Net book value:</b>	
At 10 May 2007	255,877

Included in the above were assets held under hire purchase contracts, with cost price at 10 May 2007 of £48,584 and net book value of £32,956 at that date.

# Brights Chemists Limited

## Notes to the Financial Statements

for the period ended 31 March 2008(continued)

<b>9. Stocks</b>	<b>31 March 2008 £</b>	<b>10 May 2007 £</b>
Stock held for resale	-	231,745
<b>10. Debtors</b>	<b>31 March 2008 £</b>	<b>10 May 2007 £</b>
Trade debtors	-	482,609
Other debtors	-	728,449
Amounts owed by group undertakings	100	-
	<u>100</u>	<u>1,211,058</u>
<b>11. Creditors: Amounts due in less than one year</b>	<b>31 March 2008 £</b>	<b>10 May 2007 £</b>
Amounts falling due within one year		
Bank loans and overdrafts	-	488,970
Hire purchase contracts	-	13,005
Trade creditors	-	462,383
Corporation tax and social security	-	48,925
Other creditors and accruals	-	17,058
	<u>-</u>	<u>1,030,341</u>
<b>12. Creditors: Amounts due after more than one year</b>	<b>31 March 2008 £</b>	<b>10 May 2007 £</b>
Amounts falling due within one year		
Bank loans	-	1,538,978
Hire purchase contracts	-	21,674
	<u>-</u>	<u>1,560,652</u>
Amounts falling due in more than five years		
- Bank loans more than 5 years by installments	-	480,730
<b>13. Operating lease commitments</b>		
The company was committed to making the following payments under non-cancellable operating leases in the year from the following period end dates:		
	<b>31 March 2008 £</b>	<b>10 May 2007 £</b>
Operating leases which expire:		
Between 1 and 5 years	-	7,975
	<u>-</u>	<u>7,975</u>

# Brights Chemists Limited

## Notes to the Financial Statements

for the period ended 31 March 2008(continued)

14. Deferred taxation	31 March 2008 £	10 May 2007 £
The provision for deferred taxation consists of the tax effect of timing differences in respect of:		
Capital allowances in excess of depreciation	-	22,143
Provision carried forward	<u>-</u>	<u>22,143</u>
Movement in the period		
Opening balance	22,143	21,780
Origination and reversal of timing differences	-	363
Disposal to group undertaking	(22,143)	-
Closing balance	<u>-</u>	<u>22,143</u>

15. Share capital	31 March 2008 £	10 May 2007 £
Authorised share capital		
10,000 Ordinary shares of £ 1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
100 Ordinary shares of £ 1 each	<u>100</u>	<u>100</u>

### 16. Reconciliation of movements in shareholder's funds

	Share capital £	Profit and loss account £	Total shareholders funds £
At 1 October 2006	100	151,224	151,324
Loss after taxation for the period ended 10 May 2007	-	(122)	(122)
At 11 May 2007	<u>100</u>	<u>151,102</u>	<u>151,202</u>
Profit after taxation for the period ended 31 March 2008	-	4,280,545	4,280,545
Interim dividend declared and paid (refer note 6)	-	(4,431,647)	(4,431,647)
At 31 March 2008	<u>100</u>	<u>-</u>	<u>100</u>

### 17. Pension commitments

Prior to the acquisition by E. Moss Limited, the company operated a defined contribution scheme for certain directors and employees and the assets of the schemes were held separately from those of the company in independently administered funds. Premiums payable during the period amounted to nil (2007: £92,920). Payments outstanding at 31 March 2008 amounted to nil (2007: nil).

# **Brights Chemists Limited**

## **Notes to the Financial Statements**

*for the period ended 31 March 2008(continued)*

### **18. Ultimate controlling party**

At 31 March 2008 the company's immediate parent company was E. Moss Limited and its ultimate parent company and controlling party was AB Acquisitions Holdings Limited. AB Acquisitions Holdings Limited is also the parent undertaking of the largest group in which the company is consolidated.

AB Acquisitions Holdings Limited is incorporated in Gibraltar, and its registered office is 57/63 Line Wall Road, Gibraltar. AB Acquisitions Holdings Limited is jointly controlled by certain funds advised by Kohlberg Kravis Roberts & Co. L.P. and Alliance Santé Participations S.A., a company indirectly wholly owned by S. Pessina.

The smallest group in which the results of the company are consolidated is that headed by Alliance Boots GmbH, a company incorporated in Switzerland. The consolidated financial statements of this group are available from the Alliance Boots website at [www.allianceboots.com](http://www.allianceboots.com).

### **19. Related party disclosures**

The company has taken advantage of the exemption in paragraph 3(c) of Financial Reporting Standard No.8 "Related Party Disclosures" not to disclose transactions with entities that are part of the group or investees of the group qualifying as related parties.