

REPORT AND ACCOUNTS

ALCOS DISTRIBUTORS LIMITED

31 December 2007

SATURDAY



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COMPANIES HOUSE

ALCOS DISTRIBUTORS LIMITED

Registered No. 952172

DIRECTORS

P.R. Chambers

C.K. Lomax (Resigned 31/12/2007)

P. Higgins (Resigned 31/12/2007)

G.E.M. Parsons (Appointed 20/03/2008)

SECRETARY

Smith & Nephew Nominee Services Limited

AUDITORS

Ernst & Young LLP

1 More London Place

London

SE1 2AF

REGISTERED OFFICE

15 Adam Street

London

WC2N 6LA

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 December 2007.

Principal activities of the Company

The principal activity of the Company continues to be that of acting as a finance company. The Company operates in the United Kingdom and through a branch in Spain.

Principal risks and uncertainties

The principal risk facing the Company is recoverability of intercompany debts.

Business review

The Company made a loss of £1,000 during the year (2006: loss of £2,000). The Directors do not recommend the payment of a dividend (2006: nil).

Directors

The Directors of the Company at the date of this report are shown on page 1.

Statement of Directors' responsibilities for the accounts

Company law requires the Directors to prepare accounts for each financial year which 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 those accounts, 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; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that the accounts comply with the above requirements.

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 accounts 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.

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DIRECTORS' REPORT (continued)

Disclosure of Information to the Auditors

In accordance with s234ZA of the Companies Act 1985, the directors serving at the time of approving the Directors' report confirm that, to the best of their knowledge and belief, there is no relevant audit information of which the auditors are unaware and the directors also confirm that they have taken reasonable steps to be aware of any relevant audit information and, accordingly, to establish that the auditors are aware of such information.

Elective resolutions

The Company has passed elective resolutions pursuant to S379A of the Companies Act 1985 and accordingly dispense with the requirement to hold an Annual General Meeting and the auditors will remain in office.

By order of the Board



Smith & Nephew Nominee Services Limited
Secretary

Date

17/12/2008

ALCOS DISTRIBUTORS LIMITED

Registered No. 952172

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCOS DISTRIBUTORS LIMITED

We have audited the company's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 11. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007, and of its loss for the year 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.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
London

Date **17 December 2008**

ALCOS DISTRIBUTORS LIMITED

Registered No. 952172

**PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2007**

	Notes	2007 £000	2006 £000
Administrative expenses	2 & 3	(1)	(2)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1)	(2)
Taxation	4	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(1)	(2)

All of the activities of the Company are continuing.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2007**

There were no recognised gains or losses other than the loss attributable to shareholders of the Company of £1,000 in the year ended 31 December 2007 (£2,000 loss in the year ended 31 December 2006).

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BALANCE SHEET

at 31 December 2007

	Notes	2007 £000	2006 £000
CURRENT ASSETS			
Debtors: amounts falling due within one year	5	114	114
Cash at bank and in hand		<u>3</u>	<u>2</u>
		117	116
CREDITORS: amounts falling due within one year	6	<u>(3)</u>	<u>(1)</u>
NET CURRENT ASSETS		<u>114</u>	<u>115</u>
CAPITAL AND RESERVES			
Called up share capital	7	-	-
Profit and loss account	8	<u>114</u>	<u>115</u>
EQUITY SHAREHOLDER'S FUNDS	8	<u>114</u>	<u>115</u>

These financial statements were approved by the Board of Directors on 17 December 2008 and signed on its behalf by P.R. Chambers, Director.



NOTES TO THE ACCOUNTS

at 31 December 2007

1. ACCOUNTING POLICIES

Accounting Convention

The accounts are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The accounts present information about the Company as an individual undertaking and not about its group. The company is a wholly owned subsidiary undertaking of a body registered in England and Wales and is therefore exempt from the requirement to prepare group accounts under Section 228 of the Companies Act 1985.

Foreign Currencies

Transactions in foreign currencies are initially recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences are dealt with in arriving at profit before taxation.

2. AUDIT AND NON AUDIT SERVICES

Certain fees for audit and non-audit services provided by Ernst & Young LLP to the Company have been borne by a fellow group company. It is not practicable to ascertain what proportion of such fees relate to the Company.

3. DIRECTORS' REMUNERATION

All employment costs attributable to the Directors are borne by a fellow group company.

4. TAXATION

(a) Analysis of the charge in period

	2007 £000	2006 £000
<i>Current tax</i>		
UK corporation tax credit	-	-

(b) Factors affecting tax charge for period

The tax assessed for the year is equal to (2006: equal to) the loss on ordinary activities before tax at the standard rate of corporation tax in the UK – 30% (2006 – 30%). This is explained below:

	1	2
Loss on ordinary activities before tax	-	-
Tax credit at the UK statutory rate of 30% (2006: 30%)	-	-
Current tax credit	-	-

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NOTES TO THE ACCOUNTS (continued)
at 31 December 2007**4. TAXATION (continued)**

There are no deferred tax assets or liabilities at the year-end as there are no accelerated capital allowances or other timing differences in the Company.

(c) Factors affecting future tax charges

During the year the enacted tax rate applicable from 1 April 2008 was reduced to 28%.

5. DEBTORS

	2007 £000	2006 £000
Amounts owed by group undertakings	<u>114</u>	<u>114</u>

6. CREDITORS: amounts falling due within one year

	2007 £000	2006 £000
Other creditors	<u>(3)</u>	<u>(1)</u>

7. CALLED UP SHARE CAPITAL

	Authorised 2007 and 2006 £	Allotted, issued and fully paid 2007 and 2006 £
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

8. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT IN RESERVES

	Allotted, Issued and Fully paid £000	Profit and Loss Account £000	2007 Total Shareholder's Funds £000	2006 Total Shareholder's Funds £000
Balance at 1 January	-	115	115	117
Loss for the year	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>(2)</u>
As at 31 December	<u>-</u>	<u>114</u>	<u>114</u>	<u>115</u>

9. CASH FLOW STATEMENT

The Company is not required to produce a cash flow statement as it is a wholly owned subsidiary of Smith & Nephew plc which prepares consolidated financial statements in which the Company is included.

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NOTES TO THE ACCOUNTS (continued)

at 31 December 2007

10. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 8 Related Party Transactions from disclosing transactions with related parties that are members of the Smith & Nephew plc group.

11. GROUP ACCOUNTS

The Company's immediate parent undertaking is Smith & Nephew (Overseas) Limited, a company registered in England and Wales. In the Directors' opinion the Company's ultimate parent undertaking and controlling party is Smith & Nephew plc, a company registered in England and Wales. Copies of its group accounts, which include the Company, are available from 15 Adam Street, London, WC2N 6LA.