

Registered number: SC178704

ALCHEMY LABORATORIES LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

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ALCHEMY LABORATORIES LTD

COMPANY INFORMATION

DIRECTORS

L D Rees
R Lamotte
L Taylor

REGISTERED NUMBER

SC178704

REGISTERED OFFICE

8 Tom McDonald Avenue
Medipark
Dundee
DD2 1NH

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
One Kingsway
Cardiff
CF10 3PW

ALCHEMY LABORATORIES LTD

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ALCHEMY LABORATORIES LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their annual report and the audited financial statements of Alchemy Laboratories Limited ("the company") for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

Alchemy Laboratories Ltd is a 100% owned subsidiary of BBI Holdings Limited ("group") and operates as a part of the group's Diagnostics Division.

The company's principal activities are listed below:

- The manufacture and supply of gold colloid, conjugates and reagents for use in diagnostic tests.
- The provision of contract research and development.
- Contract manufacture and supply of diagnostic point of care tests.

The company's customer base is diverse covering the world's leading Diagnostic businesses and some less established businesses leveraging the company's expertise in diagnostic test development and manufacture. The company also supplies a wide range of research customers.

BUSINESS REVIEW

Strategy

The Diagnostics group's overriding objective is to achieve attractive and sustainable rates of growth and returns through a combination of organic growth, acquisitions and leaner operational facilities.

The key elements to the group's strategy for growth are considered to be as follows:

Continued focus on cost control and improved processes

In the current market place, it is essential that costs and efficiency are monitored to ensure customer pricing remains competitive. The company is introducing a number of cost saving initiatives across the business and continues to investigate improving manufacturing processes.

Growing the customer base and maintaining existing customer base

The company is continuing to investigate growth opportunities in new, as well as existing markets, and introducing a range of new products as discussed below.

Introduction of new products

The R&D/Innovations team are constantly working to identify new products to ensure the company remains innovative in a challenging market place.

Continue integration across the BBI group

The company continues to integrate its policies, procedures and operations within the BBI Holdings Limited group. This will enable the group to consolidate its position within the market place and share knowledge and expertise.

ALCHEMY LABORATORIES LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

Business Environment

The commercial environment in which the company functions is highly competitive and highly regulated.

Within this competitive environment, the Diagnostics group has differentiated itself from its competitors by establishing itself as the supplier of choice to anyone operating within the lateral flow test market. The following are considered key for its success:

- Supplying high quality products that are consistent with the expectations and requirements of our customers;
- Being reliable, innovative and technologically advanced;
- Creating a working environment which provides career enhancing opportunities for all employees; and
- Generating returns for our stakeholders.

Results

The results for the company show a pre-tax profit of £1,470k (2010: £2,156k) for the year and sales of £5,021k (2010: £5,012k). At 31 December 2011 the balance sheet of the company had net assets of £5,149k (2010: £4,145k).

KEY PERFORMANCE INDICATORS (KPI's)

The company is a subsidiary of BBI Holdings Limited ("group") and the group manages its operations on a divisional basis. The company forms a part of the group's Diagnostics Division and as such the directors believe that analysis using KPI's for the company is not necessary or appropriate for an understanding of the development, performance or position of the company. The development, performance and position of the Diagnostics Division of the group, which includes the company, is discussed in the group's annual report which does not form a part of this report.

FUTURE DEVELOPMENTS

The external commercial environment is expected to remain highly competitive in 2012, as competitors continue to invest in their product base. The company believes it will maintain its current level of performance in the future and investment in innovations to bring through new products will strengthen the company's position and allow diversification of the current product base and services.

ALCHEMY LABORATORIES LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks. Risks are formally reviewed by the board and appropriate processes put in place to monitor and mitigate them. The key business risks affecting the company are set out below:

Competition and product innovation

The company operates in a competitive market with significant product innovations. The company is subject to competitors in the market place offering new products and services that could render the company's range of products obsolete resulting in rapid loss of market share. To reduce this risk the company works in close communication with its customers to update and review the appropriateness of their products given developments in the market place.

Manufacturing innovation

Manufacturing technology can advance rapidly and facilities can become outdated affecting efficiency, which can impact cost of sales and profit margins. The company is constantly reviewing its facilities and manufacturing equipment to ensure manufacturing technology is updated as appropriate to maintain quality and minimise cost of product for customers.

FINANCIAL RISK MANAGEMENT

The company's activities expose it to a number of financial risks including price risks, credit risks, foreign exchange risk and liquidity risk. The use of financial derivatives is governed by the group policies approved by the Board of Directors, which provide the written principles on the use of financial derivatives to manage these risks. The company does not use derivative financial instruments to manage any of these risks.

Price risk

The Company is exposed to commodity price risk. The company does not manage its exposure to commodity price risk as the costs of managing this exposure exceed any potential benefits.

Credit risk

The company's financial assets are bank balances and cash, trade and other debtors. The company's credit risk is primarily attributable to its trade debtors which are presented in the balance sheet net of allowances for doubtful debts. Customer credit limits are used to manage credit risk and allowances for doubtful debts are made when specific customer events or circumstances give rise to evidence of a reduction in the recoverable cash flows associated with the debt. The company has no significant concentration of credit risk with exposure spread over a large number of customers.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by appropriate credit-rating agencies.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long term and short term debt finance provided by fellow group companies.

Interest rate and cash flow risk

The company has interest bearing assets. Interest bearing assets include only bank balances which earn interest at a floating rate.

Foreign exchange risk

The company's activities expose it to financial risks associated with changes in foreign currency exchange rates. The company does not use foreign exchange forward contracts to hedge these exposures for cost benefit reasons but does maximise the matching of foreign currency receipts and payments wherever possible to minimise foreign exchange risk.

ALCHEMY LABORATORIES LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

DIRECTORS

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

L D Rees
R Lamotte
L Taylor

DIVIDENDS

The directors do not recommend the payment of a dividend (2010: £nil).

RESEARCH AND DEVELOPMENT

The company continues to invest in research and development of platforms, applications and products that will maintain its competitive advantage within the diagnostic market. Investment in research and development is integral to the ongoing success of the business and ensures that our contract research and development customers retain the best service and access to the next generation of quality products. Research and development costs of £795k were incurred during the year (2010: £735k).

DIRECTORS' RESPONSIBILITIES STATEMENT

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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgments and accounting 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;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

ALCHEMY LABORATORIES LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011**

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 16 August 2012 and signed on its behalf.



L D Rees
Director

ALCHEMY LABORATORIES LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALCHEMY LABORATORIES LTD

We have audited the financial statements of Alchemy Laboratories Ltd for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

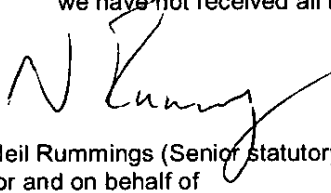
ALCHEMY LABORATORIES LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALCHEMY LABORATORIES LTD

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Neil Rummings (Senior statutory auditor)
for and on behalf of

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

16 August 2012

ALCHEMY LABORATORIES LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £000	2010 £000
TURNOVER	2	5,021	5,012
Cost of sales		<u>(2,879)</u>	<u>(2,150)</u>
GROSS PROFIT		2,142	2,862
Administrative expenses		<u>(672)</u>	<u>(706)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,470	2,156
Tax on profit on ordinary activities	7	<u>(466)</u>	<u>(813)</u>
PROFIT FOR THE FINANCIAL YEAR	15	<u>1,004</u>	<u>1,343</u>

There is no material differences between the profit on ordinary activities before taxation and the retained profit for the years stated above and their historical cost equivalents.

All amounts relate to continuing operations.

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and Loss Account above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 10 to 19 form part of these financial statements.

ALCHEMY LABORATORIES LTD
REGISTERED NUMBER: SC178704

BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	£000	2011 £000	£000	2010 £000
FIXED ASSETS					
Tangible assets	8		598		491
CURRENT ASSETS					
Stocks	9	436		600	
Debtors: amounts falling due after more than one year	10	4,070		3,783	
Debtors: amounts falling due within one year	10	719		582	
Cash at bank and in hand		591		393	
		<u>5,816</u>		<u>5,358</u>	
CREDITORS: amounts falling due within one year	11	(839)		(1,144)	
NET CURRENT ASSETS			<u>4,977</u>		<u>4,214</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,575</u>		<u>4,705</u>
CREDITORS: amounts falling due after more than one year	12		(426)		(560)
NET ASSETS			<u>5,149</u>		<u>4,145</u>
CAPITAL AND RESERVES					
Called up share capital	14		-		-
Share premium account	15		2		2
Profit and loss account	15		5,147		4,143
TOTAL SHAREHOLDERS' FUNDS	16		<u>5,149</u>		<u>4,145</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 August 2012.


L D Rees
 Director

The notes on pages 10 to 19 form part of these financial statements.

ALCHEMY LABORATORIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

1.2 Cash flow

The company is a wholly owned subsidiary of BBI Holdings Limited and is included in the consolidated financial statements of BBI Holdings Limited which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

1.3 Turnover

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

Revenue is recognised on despatch of the related goods. For revenue in respect of research and development contracts, the revenue is recognised as it is earned under the terms of the contract.

1.4 Grants

Grants of a revenue nature are credited to the profit and loss account in line with the related expenditure.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable of bringing the asset to its working condition for its intended use.

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates;

Leasehold improvement	-	10% straight line
Plant and machinery	-	10 - 20% straight line
Motor vehicles	-	20% straight line
Fixtures and fittings	-	20% straight line

1.6 Leased assets

Operating leases and their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis and includes transport and handling costs, in the case of manufactured products cost includes all direct expenditure and production overheads based on normal levels of activities. Net realisable value is based on estimated selling price in the ordinary course of business, less applicable variable selling expenses. Where necessary, provision is made for obsolete or slow moving stock.

ALCHEMY LABORATORIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES (continued)

1.8 Current and deferred taxation

The current tax expense comprises current and deferred tax. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Where relief is claimed against losses sustained by other group companies in the group, this relief is charged to the company by the donor company at the rate of £1 for every £1 of taxation not paid. Amounts payable for group relief are included in the taxation charge of the company.

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.

A net deferred tax asset is recognised 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 against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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 substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

1.10 Research and development

Research and development expenditure is written off in the profit and loss account in the period in which it is incurred.

1.11 Pensions

The company contributes to a defined contribution pension scheme for certain employees. The assets of the defined contribution scheme are held separately from those of the company in independently administered funds.

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

ALCHEMY LABORATORIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

2. TURNOVER

The whole of the turnover is attributable to the principal activity of the company.

A geographical analysis of turnover is as follows:

	2011	2010
	£000	£000
United Kingdom	1,683	1,970
Rest of European Union	1,330	828
Rest of World	787	1,042
North America	1,221	1,172
	<u>5,021</u>	<u>5,012</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2011	2010
	£000	£000
Depreciation of tangible fixed assets:		
- owned by the company	141	85
Operating lease rentals:		
- plant and machinery	123	105
Difference on foreign exchange	21	(51)
Research and development expenditure	795	735
	<u>795</u>	<u>735</u>

4. AUDITORS' REMUNERATION

	2011	2010
	£000	£000
Fees payable to the company's auditor for the audit of the company's annual accounts	15	15
Fees payable to the company's auditor in respect of: Other services relating to tax compliance	10	-
	<u>10</u>	<u>-</u>

ALCHEMY LABORATORIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2011	2010
	£000	£000
Wages and salaries	1,573	1,370
Social security costs	153	138
Other pension costs	53	48
	<u>1,779</u>	<u>1,556</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2011	2010
	Number	Number
Directors	1	1
Sales and distribution	1	1
Development and manufacture	55	54
Administration	2	2
	<u>59</u>	<u>58</u>

6. DIRECTORS' REMUNERATION

	2011	2010
	£000	£000
Aggregate emoluments	125	125
Company pension contributions to defined contribution pension schemes	6	6

During the year retirement benefits were accruing to 1 director (2010 - 1) in respect of defined contribution pension schemes.

In addition to the above, two of the directors are employed by other companies within the BBI Holdings Limited group and are remunerated by fellow group companies for their services to the group as a whole. It is not practical to allocate their remuneration for their services as a director between group companies. Details of their remuneration can be found in the financial statements of BBI Holdings Limited.

ALCHEMY LABORATORIES LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2011 £000	2010 £000
Analysis of tax charge in the year		
Current tax		
UK corporation tax charge on profit for the year	359	521
Adjustments in respect of prior periods	120	297
Total current tax	<u>479</u>	<u>818</u>
Deferred tax		
Origination and reversal of timing differences	(13)	-
Adjustment in respect of previous periods	-	1
Other - Deferred tax	-	(6)
Total deferred tax (see note 13)	<u>(13)</u>	<u>(5)</u>
Tax on profit on ordinary activities	<u><u>466</u></u>	<u><u>813</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2010 - higher than) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%). The differences are explained below:

	2011 £000	2010 £000
Profit on ordinary activities before tax	<u>1,470</u>	<u>2,156</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	390	604
Effects of:		
Expenses not deductible for tax purposes	14	1
Capital allowances less than depreciation	18	(19)
Adjustments in respect of prior periods	120	297
Adjustment in research and development tax credit	(63)	(65)
Current tax charge for the year	<u><u>479</u></u>	<u><u>818</u></u>

Factors that may affect future tax charges

The standard rate of corporation tax in the UK changed from 28% to 26% with effect from 1 April 2011. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 26.5% and will be taxed at 26% in the future.

A number of changes to the UK corporation tax system were announced in the March 2012 UK Budget Statement. A resolution passed by parliament on 26 March 2012 reduced the main rate of corporation tax to 24% from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 is expected to be included in the Finance Act 2012. A further reduction to the main rate is also proposed to reduce the rate to 22% from 1 April 2014. None of these rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. Accordingly, the closing deferred tax balance in these financial statements has been recognised at 25%.

ALCHEMY LABORATORIES LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

8. TANGIBLE FIXED ASSETS

	Long Term Leasehold Property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost					
At 1 January 2011	272	502	3	52	829
Additions	-	49	-	1	50
Disposals	-	-	(3)	-	(3)
Reclassification	-	198	-	-	198
At 31 December 2011	<u>272</u>	<u>749</u>	<u>-</u>	<u>53</u>	<u>1,074</u>
Accumulated depreciation					
At 1 January 2011	-	299	2	37	338
Charge for the year	27	108	1	5	141
On disposals	-	-	(3)	-	(3)
At 31 December 2011	<u>27</u>	<u>407</u>	<u>-</u>	<u>42</u>	<u>476</u>
Net book value					
At 31 December 2011	<u>245</u>	<u>342</u>	<u>-</u>	<u>11</u>	<u>598</u>
At 31 December 2010	<u>272</u>	<u>203</u>	<u>1</u>	<u>15</u>	<u>491</u>

In the prior year, the company's cell line asset was classified as stock. However, in the current year the cell line asset has been reclassified as a fixed asset, as the asset will derive a long-term benefit to the company in the production of antibodies and protein.

9. STOCKS

	2011 £000	2010 £000
Raw materials	378	570
Finished goods and goods for resale	58	30
	<u>436</u>	<u>600</u>

ALCHEMY LABORATORIES LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

10. DEBTORS

	2011 £000	2010 £000
Due after more than one year		
Amounts owed by fellow subsidiaries	4,070	3,783

There are no formal arrangements in place for the repayment of amounts owed by fellow subsidiaries and interest is not charged on these balances. However, the company has provided confirmation that the amount due will not be called within twelve months from the balance sheet date. Accordingly, the amounts owed by fellow subsidiaries has been classified as debtors due after more than one year.

	2011 £000	2010 £000
Due within one year		
Trade debtors	550	368
Amounts owed by group companies	114	172
Other debtors	12	10
Prepayments and accrued income	24	26
Deferred tax asset (see note 13)	19	6
	<u>719</u>	<u>582</u>

Amounts owed by group companies are unsecured, interest free and repayable on demand.

11. CREDITORS:
Amounts falling due within one year

	2011 £000	2010 £000
Trade creditors	201	73
Amounts owed to group companies	432	21
Corporation tax	-	876
Social security and other taxes	75	79
Accruals and deferred income	131	95
	<u>839</u>	<u>1,144</u>

Amounts owed to group companies are unsecured, interest free and repayable on demand.

ALCHEMY LABORATORIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

**12. CREDITORS:
Amounts falling due after more than one year**

	2011 £000	2010 £000
Amounts owed to fellow subsidiaries	<u>426</u>	<u>560</u>

There are no formal arrangements in place for the repayment of amounts owed to fellow subsidiaries and interest is not charged on these balances. However, fellow subsidiaries of the BBI Holdings Limited Group have provided confirmation that the amount due will not be called within twelve months from the balance sheet date. Accordingly, the amounts owed to fellow subsidiaries has been classified as creditors due after more than one year.

13. DEFERRED TAX ASSET

	2011 £000	2010 £000
At beginning of year	6	1
Recognised during year	13	5
At end of year	<u>19</u>	<u>6</u>

The deferred tax asset is made up as follows:

	2011 £000	2010 £000
Accelerated capital allowances	<u>19</u>	<u>6</u>

14. SHARE CAPITAL

	2011 £	2010 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

15. RESERVES

	Share premium account £000	Profit and loss account £000
At 1 January 2011	2	4,143
Profit for the financial year	-	1,004
At 31 December 2011	<u>2</u>	<u>5,147</u>

ALCHEMY LABORATORIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £000	2010 £000
Opening shareholders' funds	4,145	2,802
Profit for the financial year	1,004	1,343
Closing shareholders' funds	<u>5,149</u>	<u>4,145</u>

17. CONTINGENT LIABILITIES

The company has guaranteed the loan facilities of other group companies. At 31 December 2011, the potential liability was £2,095k (2010: £2,260k). There are no indications that these guarantees will be called upon in the foreseeable future as the group continues to generate cash and service its debt repayments.

18. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company, in an independently administered fund. The pension charge amounted to £53k (2010: £48k). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

19. OPERATING LEASE COMMITMENTS

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings	
	2011 £000	2010 £000
Expiry date:		
Within 1 year	-	-
Between 2 and 5 years	7	47
After more than 5 years	117	76
	<u>117</u>	<u>76</u>

20. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of BBI Holdings Limited and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with BBI Holdings Limited or other wholly owned subsidiaries within the group.

During the year ended 31 December 2011, the company was invoiced by Hornbuckle Mitchell Trustees for £76k (2010: £76k) in relation to annual rent of its facility; the pension fund of Richard Lamotte, a director of Alchemy Laboratories Ltd, is the direct beneficiary of this trust. £nil remained outstanding at 31 December 2011 (2010: £nil).

ALCHEMY LABORATORIES LTD

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21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly owned subsidiary of BBI Holdings Limited, which is ultimately owned and controlled by Alere Inc, a company incorporated in the United States of America and who the directors regard as the ultimate controlling party.

At the balance sheet date, BBI Holdings Limited is the smallest company which prepares consolidated financial statements. Copies of the financial statements of BBI Holdings Limited are available from the Company Secretary at Haywood House, Dumfries Place, Cardiff CF10 3GA.

Alere Inc is the largest company in the group which prepares consolidated financial statements. Copies of the consolidated financial statements can be obtained from: Alere Inc, 51 Sawyer Road, Suite 200, Waltham, Massachusetts 02453-3448.