

**Barclay Pharmaceuticals Limited**  
**Directors' report and financial statements**  
**for the year ended 31 December 2001**

Registered no: 2770716



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# Barclay Pharmaceuticals Limited

## Annual report for the year ended 31 December 2001

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# **Barclay Pharmaceuticals Limited**

## **Directors' report for the year ended 31 December 2001**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2001.

### **Results**

Details of the results for the financial year are set out in the profit and loss account on page 5. The directors do not recommend the payment of a final dividend (2000: £nil). An interim dividend of £3.5 million was paid during the year (2000: £3.0 million).

### **Principal activities**

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

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

The company succeeded in growing sales during 2001 despite some pressures within the market. These pressures have been reflected in slight margin reductions. The directors consider that the company is well placed to exploit new opportunities within the market and anticipate further growth in the business during the year.

### **Political and charitable contributions**

Charitable contributions of £1,252 were made during the year (2000: £3,415). No political contributions were made (2000: £Nil).

### **Directors**

The directors of the company, all of whom have been directors for the whole of the year ended 31 December 2001 except where otherwise stated, were as follows:

D A Condliffe  
S R Dunn  
C P Gee (resigned 3 September 2001)  
D T Gittins  
M S Green  
G A Kershaw  
J V McKenna (appointed 29 January 2001)  
Dr U M Schneider (resigned 31 October 2001)  
R C H Vizard  
M A Ward  
C F Wilson (resigned 26 June 2001)  
G M Winkle

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

# **Barclay Pharmaceuticals Limited**

## **Directors' interests**

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

During the period it was discovered that C F Wilson had an undisclosed consultancy agreement with one of the company's suppliers. This was in contravention of Group policies and procedures and as a result Mr Wilson resigned as a director.

Except as disclosed above, none of the directors had a material interest in any contracts with group companies.

## **Employment policies**

The directors pursue a policy of promoting equality of opportunity to all employees and of fostering and developing their involvement and interest in the company. Both formal and informal systems of communication are used and managers have a specific responsibility to communicate effectively with the employees. Copies of the group annual report and news releases are distributed and other matters of importance or interest are featured in regular issues of the group in-house magazine which seeks to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Training is regarded as a fundamental requirement and appropriate programmes exist at group, divisional or subsidiary company level.

Wherever possible, disabled persons are given the same consideration for employment opportunities as other applicants and training and promotion prospects are identical. In particular, special consideration is given to continuity of employment in the case of an employee who becomes disabled, with suitable retraining for alternative employment, if practicable.

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

## **Impact of the Euro**

The GEHE Group being, GEHE AG (a company incorporated in Germany) and all its subsidiaries, recognises the wide implications of the Euro for businesses, including impacts on commercial arrangements and financial systems. Appropriate preparations were made in those entities resident in Euro-land countries, based on the EU timetable for the introduction of notes and coins in January 2002.

Within the UK, the Group's preparations recognise the uncertain position regarding possible entry to the single currency, and the situation is monitored closely.

# Barclay Pharmaceuticals Limited

## Creditor payment policy

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

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

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

The company had 44 days purchases outstanding at 31 December 2001 based on the average daily amount invoiced by suppliers during the year (2000: 45 days)

## Statement of directors' responsibilities

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


The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2001 and that applicable accounting standards have been followed.

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

## Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

## By order of the Board



P Smerdon

Secretary

12 February 2002

# Barclay Pharmaceuticals Limited

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

We have audited the financial statements on pages 5 to 15.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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

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

### Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

### Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
Chartered Accountants and Registered Auditors  
Birmingham

12 February 2002

# Barclay Pharmaceuticals Limited

## Profit and loss account for the year ended 31 December 2001

	Notes	2001 £'000	2000 £'000
<b>Turnover</b>	<b>3</b>	<b>270,524</b>	258,558
Cost of sales		<b>(245,836)</b>	(233,860)
<b>Gross profit</b>		<u><b>24,688</b></u>	<u>24,698</u>
Distribution costs		<b>(14,220)</b>	(13,410)
Administrative expenses		<b>(430)</b>	(50)
Interest (payable) / receivable	<b>6</b>	<b>(99)</b>	4
<b>Profit on ordinary activities before taxation</b>	<b>7</b>	<u><b>9,939</b></u>	<u>11,242</u>
Tax on profit on ordinary activities	<b>8</b>	<b>(3,098)</b>	(3,343)
<b>Profit on ordinary activities after taxation</b>		<u><b>6,841</b></u>	<u>7,899</u>
Dividends	<b>9</b>	<b>(3,500)</b>	(3,000)
<b>Retained profit for the year</b>	<b>19</b>	<u><u><b>3,341</b></u></u>	<u><u>4,899</u></u>

The results have been derived wholly from continuing operations.

The company has no recognised gains and losses 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.

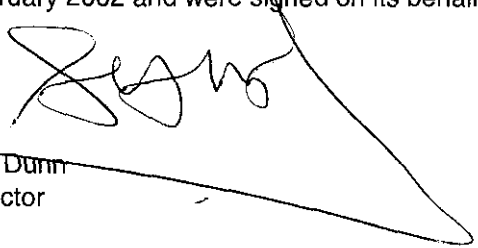
There is no material difference between the results above and the results on an unmodified historical cost basis.

# Barclay Pharmaceuticals Limited

## Balance sheet at 31 December 2001

	Notes	2001 £'000	2000 £'000
<b>Fixed assets</b>			
Tangible assets	10	437	486
Investments	11	-	-
		<u>437</u>	<u>486</u>
<b>Current assets</b>			
Stocks	12	28,593	25,781
Debtors:			
Amounts falling due within one year	13	39,613	33,890
Amounts falling due after more than one year	13	20,506	46,730
Cash at bank and in hand		2	4,660
		<u>88,714</u>	<u>111,061</u>
<b>Creditors:</b> amounts falling due within one year	14	(37,007)	(38,911)
		<u>51,707</u>	<u>72,150</u>
<b>Net current assets</b>			
		<u>51,707</u>	<u>72,150</u>
<b>Total assets less current liabilities</b>		52,144	72,636
<b>Creditors:</b> amounts falling due after more than one year	14	-	(23,677)
Provisions for liabilities and charges	15	(350)	(506)
		<u>51,794</u>	<u>48,453</u>
<b>Net assets</b>			
		<u>51,794</u>	<u>48,453</u>
<b>Capital and reserves</b>			
Called-up share capital	18	25,000	25,000
Profit and loss account	19	26,794	23,453
		<u>51,794</u>	<u>48,453</u>
<b>Equity shareholders' funds</b>	20	<u>51,794</u>	<u>48,453</u>

The financial statements on pages 5 to 15 were approved by the board of directors on 12 February 2002 and were signed on its behalf by:

  
S R Dunn  
Director



# Barclay Pharmaceuticals Limited

## Notes to the financial statements for the year ended 31 December 2001

### 1 Principal accounting policies

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

Financial Reporting Standard number 18 has been adopted in the year but did not require any changes in accounting policies.

#### Consolidated accounts

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

#### Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

#### Investments

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

#### Tangible fixed assets

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

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

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

# Barclay Pharmaceuticals Limited

## Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Where necessary, provision is made for obsolete, slow moving and defective stocks.

## Leased assets

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

## Pensions

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

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

## 2 Cash flow statement and related party disclosure

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

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

## 3 Turnover

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

# Barclay Pharmaceuticals Limited

## 4 Directors' emoluments

	2001 £'000	2000 £'000
Aggregate emoluments	403	398
Compensation for loss of office	123	-
	<u>526</u>	<u>398</u>

Retirement benefits are accruing to four directors under a defined benefit scheme (2000: three directors). No such benefits are accruing under money purchase schemes (2000: no directors).

	2001 £'000	2000 £'000
<b>Highest paid director</b>		
Aggregate emoluments and benefits under long-term incentive schemes	102	141
Defined benefit schemes:		
Accrued pension at end of year	<u>6</u>	<u>4</u>

The emoluments of Mr Kershaw, Dr Schneider, Mr Vizard and Mr Ward are paid by the immediate parent company (AAH Subsidiaries Limited) which makes no recharge to the company. Mr Kershaw, Dr Schneider, Mr Vizard and Mr Ward are directors of the parent and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly no emoluments in respect of Mr Kershaw, Dr Schneider, Mr Vizard and Mr Ward are disclosed. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of AAH Subsidiaries Limited.

Mr Dunn, Mr Green and Mr Wilson are paid by a fellow group company (AAH Pharmaceuticals Limited) which makes no recharge to the company. The emoluments of Mr Dunn and Mr Wilson are included in the aggregate of directors' emoluments disclosed in the financial statements of AAH Pharmaceuticals Limited.

## 5 Employee information

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

	2001	2000
By function		
Direct operating and distribution	410	415
Administration	44	43
	<u>454</u>	<u>458</u>

Staff costs for the above persons were:

	2001 £'000	2000 £'000
Wages and salaries	7,276	6,871
Social security costs	643	619
Other pension costs (see note 17)	102	85
	<u>8,021</u>	<u>7,575</u>

# Barclay Pharmaceuticals Limited

## 6 Interest (payable) / receivable

	2001 £'000	2000 £'000
<b>Interest payable and similar charges</b>		
Group interest	<u>(99)</u>	<u>-</u>
<b>Interest receivable</b>		
Group interest	<u>-</u>	<u>4</u>

## 7 Profit on ordinary activities before taxation

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

	2001 £'000	2000 £'000
Depreciation - tangible owned assets		
Charge for the year	137	114
Auditors' remuneration - for audit	24	20
Operating lease rentals:		
Land and buildings	545	476
Plant and machinery	26	-
Other	951	835
Loss on sale of fixed assets	-	2
Release of surplus property provision (see note 15 )	<u>(100)</u>	<u>(97)</u>

## 8 Tax on profit on ordinary activities

	2001 £'000	2000 £'000
UK corporation tax at 30% (2000: 30%)	3,009	3,373
Adjustment in respect of previous years	<u>89</u>	<u>(30)</u>
	<u><u>3,098</u></u>	<u><u>3,343</u></u>

## 9 Dividends

	2001 £'000	2000 £'000
Interim paid	<u>3,500</u>	<u>3,000</u>

# Barclay Pharmaceuticals Limited

## 10 Tangible fixed assets

### Movements in the year ended 31 December 2001

	Short leasehold land and buildings £'000	Fixtures, fittings, plant and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
At 1 January	623	1,853	147	2,623
Additions	-	72	16	88
<b>At 31 December</b>	<b>623</b>	<b>1,925</b>	<b>163</b>	<b>2,711</b>
<b>Depreciation</b>				
At 1 January	424	1,657	56	2,137
Charge for year	35	69	33	137
<b>At 31 December</b>	<b>459</b>	<b>1,726</b>	<b>89</b>	<b>2,274</b>
<b>Net book value</b>				
<b>At 31 December</b>	<b>164</b>	<b>199</b>	<b>74</b>	<b>437</b>
At 1 January	199	196	91	486

## 11 Investments

	Shares in Subsidiaries £'000
<b>Cost</b>	
At 1 January 2001 and 31 December 2001	<u>1,053</u>
<b>Provision for impairment</b>	
At 1 January 2001 and 31 December 2001	<u>(1,053)</u>
<b>Net book value</b>	
At 1 January 2001 and 31 December 2001	<u>-</u>

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

# Barclay Pharmaceuticals Limited

## 12 Stocks

	2001 £'000	2000 £'000
Finished goods and goods for resale	<u>28,593</u>	<u>25,781</u>

The company had consignment stock arrangements with suppliers in the ordinary course of business. The terms provide, inter alia, that the consignor retains title to the products and both parties have the right of return over the products without penalty. In all cases the consignor will sell the products directly to the customers. Under these arrangements the company is neither liable to buy the products nor is at risk in relation to market fluctuations. Accordingly, the consignment stocks are not recorded in the balance sheet.

Stocks held under these arrangements amounted to £76,000 (2000: £613,000).

## 13 Debtors

	2001 £'000	2000 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	34,260	27,952
Amounts owed by parent and fellow subsidiaries	3,069	3,506
Other debtors	1,963	2,087
Prepayments and accrued income	321	345
	<u>39,613</u>	<u>33,890</u>

### Amounts falling due after more than one year:

Amounts owed by parent and fellow subsidiaries	20,506	44,190
Amounts owed by other group companies	-	2,540
	<u>20,506</u>	<u>46,730</u>

## 14 Creditors

	2001 £'000	2000 £'000
<b>Amounts falling due within one year:</b>		
Bank overdraft	176	-
Trade creditors	31,310	28,989
Amounts owed to parent and fellow subsidiaries	1,138	7,357
Amounts owed to other group companies	1,069	24
Corporation tax	1,204	1,478
Other taxation and social security payable	1,280	417
Other creditors	129	167
Accruals and deferred income	701	479
	<u>37,007</u>	<u>38,911</u>

### Amounts falling due after more than one year:

Amounts owed to parent and fellow subsidiaries	-	16,117
Amounts owed to other group companies	-	7,560
	<u>-</u>	<u>23,677</u>

# Barclay Pharmaceuticals Limited

## 15 Provisions for liabilities and charges

	Property £'000
At 1 January 2001	506
Credit to the profit and loss account (see note 7)	(100)
Utilised during the year	(56)
<b>At 31 December 2001</b>	<b><u>350</u></b>

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

It is expected that approximately £50,000 of the property provision will be utilised within one year. The remaining balance of £300,000 will be used throughout the period until the assignment or disposal of the premises over a maximum remaining period of 5 years.

## 16 Deferred taxation

The deferred taxation (asset) / liability recognised in the financial statements, and the amount not recognised of the total potential (asset) / liability, are as follows:

	Amount recognised		Amount not recognised	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Deferred gains	-	-	73	73

## 17 Pension obligations

The company participates in group pension schemes operated by AAH Limited and Lloyds Retail Chemists Limited, one of which is defined benefit and two defined contribution. All of the schemes are funded and constituted as independently administered funds with their assets being held separately from those of the company. The funds are valued every three years by a professionally qualified, independent actuary, the rates of contribution payable being determined by the actuary. The latest actuarial assessment of the scheme was at 6 April 1999. Particulars of the valuation are contained in the accounts of AAH Limited.

There were amounts of £18,000 accrued in respect of pension scheme contributions at the balance sheet date (2000: £16,000)

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

# Barclay Pharmaceuticals Limited

The Group operates defined benefit pension schemes in the UK. The figures incorporated within the accounts are under SSAP 24 but in addition an actuarial valuation was carried out as at 31 December 2001 for FRS 17 disclosure purposes.

With regard to the group defined benefit scheme it is not possible to determine the company's share of the underlying assets and liabilities. The AAH Staff Pension Scheme had a total deficit of £5,000,000 representing a funding level of 88%. This scheme is fully disclosed in the accounts of AAH Limited.

## 18 Called-up share capital

	2001 £'000	2000 £'000
<b>Authorised, allotted, called up and fully paid</b> 25,000,000 ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>

## 19 Reserves

	Profit and loss account £'000
At 1 January 2001	23,453
Retained profit for the financial year	3,341
<b>At 31 December 2001</b>	<u><u>26,794</u></u>

## 20 Reconciliation of movements in shareholders' funds

	2001 £'000	2000 £'000
Profit for the financial year	6,841	7,899
Dividends	<u>(3,500)</u>	<u>(3,000)</u>
	3,341	4,899
Opening shareholders' funds	<u>48,453</u>	<u>43,554</u>
<b>Closing shareholders' funds</b>	<u><u>51,794</u></u>	<u><u>48,453</u></u>

## 21 Financial commitments

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as follows:

	31 December 2001		31 December 2000	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Expiring within one year	158	103	-	521
Expiring between two and five years	333	715	-	160
Expiring over five years	-	-	543	-
	<u>491</u>	<u>818</u>	<u>543</u>	<u>681</u>



# Barclay Pharmaceuticals Limited

## 22 Capital commitments

Capital expenditure that has been contracted for but has not been provided for in the financial statements amounts to £nil (2000: £nil).

## 23 Ultimate parent undertaking and ultimate controlling party

The immediate parent undertaking is AAH Subsidiaries Limited. The company's ultimate parent undertaking and controlling party is Franz Haniel & Cie GmbH, a company registered in Germany, by virtue of its majority shareholding in the intermediate parent GEHE AG and its consolidation of the GEHE AG Group results into its own consolidated financial statements.

Consolidated financial statements for the largest group of undertakings are prepared by Franz Haniel & Cie GmbH and may be obtained from Franz Haniel Platz 1, D47119 Duisburg, Ruhrort, Germany.

Consolidated accounts for the smallest group of companies are prepared by GEHE AG and may be obtained from GEHE AG, Neckartalstrasse 155, D-70376 Stuttgart, Germany.