

Astra Tech Limited

**Directors' report and financial
statements**

Registered number 1480123

31 December 2007

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Directors Report 2007

Directors	P Selley S Harwood	Registered office	Brunel Way Stonehouse Gloucestershire GL10 3SX
Secretary	P Trotman	Auditor	KPMG Audit Plc 8 Salisbury Square London EC4Y 8BB

The Directors of Astra Tech Limited submit their report together with the Financial Statements of the Company for the year ended 31 December 2007

Principal activities and business review

The principal activity of the Company is the sale and distribution of medical devices to hospitals, the community and the dental profession. There have not been any significant changes in the Company's principal activity in the year under review.

Reporting and measuring performance

Sales in all three main product areas, Urology, Surgery and Dental, grew in 2007, with the overall increase in turnover being 8.3% (2006: 12%).

The Company's gross margin decreased in 2007 to 32% (2006: 38%), representing a decrease of 9% from £10,852,383 to £9,844,117.

Operating profit decreased from £4,026,651 to £2,857,058, a decrease of 29%. This represented a decrease in operating profit as a percentage of sales of 5 percentage points to 9%. Sales have increased although gross margin has reduced from 38% to 32% as a result of pressure on pricing. Selling, distribution and administrative expenses as a percentage of sales have reduced to 22% in 2007 from 24% in 2006.

The profit for the year after taxation was £2,666,261 (2006: £3,149,507).

The effective rate of tax for the year has decreased from 33% to 32%. The decrease in the effective rate for 2007 is due to a current year tax credit of £14,638 compared with a prior year tax charge of £43,126 in 2006.

Future performance

The Company's strategy has one key priority: to continue to grow market share at or above market growth rates for all three main product areas, despite the potential reduction in prices and service fees following the outcome of the ongoing Department of Health consultation, in the Urology sector.

Whilst the Directors are committed to maintaining the profitability of the Company, investment will continue to be made in resources and headcount to enable the Company to achieve its key strategies.

Directors' Report 2007 *(continued)*

Other

The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the accounts

The Directors whose names appear at the head of this report were Directors of the Company at the date of the report and throughout the year

The Directors do not recommend the payment of a dividend (2006 £nil)

The Company made no political or charitable contributions during the year

The Company actively encourages the involvement of employees and a stated policy of the Company is to provide all members of staff with an individual training programme. The methods of involvement include regular staff meetings and a company journal. The Company participates in the AstraZeneca bonus scheme.

The employment policy does not discriminate between employees or potential employees on the grounds of sex, colour, race, ethnic or national origin, marital status or religious beliefs. In the case of the disabled, the Company gives full consideration to applications for employment from disabled persons who can demonstrate that they have the necessary abilities. If an employee becomes disabled whilst in employment and, as a result, was unable to perform his/her normal duties, every effort would be made to offer suitable alternative employment and assist with retraining.

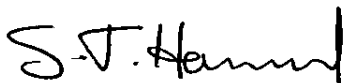
Disclosure of information to Auditors

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 they 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.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as Auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Steve Harwood
Director

Statement of Directors' responsibilities in respect of the Directors' Report and the Financial Statements

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 (UK Generally Accepted Accounting Practice) and applicable law.

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 year.

In preparing these Financial Statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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.



KPMG Audit Plc

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent Auditors' report to the members of Astra Tech Limited

We have audited the Financial Statements of Astra Tech Limited for the year ended 31 December 2007 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 Auditor

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 Auditors' report to the members of Astra Tech 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 December 2007 and of its profit 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

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

22 October 2008

Profit and Loss account
for the year ended 31 December 2007

	<i>Note</i>	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Turnover	2	31,105,129	28,725,904
Cost of sales		(21,261,012)	(17,873,521)
Gross profit		9,844,117	10,852,383
Other operating expenses	3	(6,987,059)	(6,825,732)
Operating profit		2,857,058	4,026,651
Interest receivable and similar income	7	1,043,321	648,167
Profit on ordinary activities before taxation	4	3,900,379	4,674,818
Tax on profit on ordinary activities	8	(1,234,118)	(1,525,311)
Profit on ordinary activities after taxation		2,666,261	3,149,507
Profit for the financial year		2,666,261	3,149,507


The results of the Company relate exclusively to continuing operations

A separate Statement of Total Recognised Gains and Losses has not been presented as all such gains or losses have been dealt with in the Profit and Loss account

Balance Sheet
at 31 December 2007

	<i>Note</i>	2007 £	2006 £
Fixed assets			
Tangible assets	9	421,133	437,058
Current assets			
Stocks	10	820,380	1,516,205
Debtors	11	23,751,871	20,319,027
Cash at bank and in hand		616,226	335,609
		<hr/> 25,188,477	<hr/> 22,170,841
Creditors amounts falling due within one year	12	(6,556,359)	(6,220,909)
Net current assets		<hr/> 18,632,118	<hr/> 15,949,932
Total assets less current liabilities		<hr/> 19,053,251	<hr/> 16,386,990
Net assets		<hr/> 19,053,251	<hr/> 16,386,990
Capital and reserves			
Called up share capital	13	100,000	100,000
Profit and loss account	14	18,953,251	16,286,990
Shareholders' funds	15	<hr/> 19,053,251	<hr/> 16,386,990

These Financial Statements were approved by the Board of Directors on 20 October 2008 and were signed on its behalf by



S J Harwood
Director

Notes to the Financial Statements

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 applicable accounting standards and under the historical cost accounting rules

Under FRS 1 the Company is exempt from the requirement to prepare a Cash Flow Statement on the grounds that a parent undertaking includes the Company in its own published Consolidated Financial Statements

As the Company is a wholly owned subsidiary of AstraZeneca PLC, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The Consolidated Financial Statements of AstraZeneca PLC, within which this Company is included, can be obtained from the address given in note 19

New accounting standards

The impact of Financial Reporting Standard No 29 'Financial Instruments Disclosure' (FRS 29) has been considered by management. FRS 29 sets out the requirements for the presentation of, and disclosures relating to, financial instruments, and replaces the disclosure requirements of FRS 25 'Financial Instruments Disclosure and Presentation'. The Company is exempt from the requirements of FRS 29 because its results are included in AstraZeneca PLC's publicly available Consolidated Financial Statements, which include disclosures that comply with IFRS 7, the equivalent International Financial Reporting Standard

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Short leasehold improvements	-	life of lease
Plant and machinery	-	3 to 10 years
Computer equipment	-	3 to 5 years
Office fixtures and fittings	-	3 to 10 years

Stocks

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

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the Profit and Loss account

Notes to the Financial Statements *(continued)*

1 Accounting policies *(continued)*

Research and development expenditure

Expenditure on research and development is written off to the Profit and Loss account in the year in which it is incurred

Post-retirement benefits

The Company participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Profit and Loss account represents the contributions payable to the scheme in respect of the accounting period. Payments to defined contribution schemes are recognised in the Profit and Loss account as they fall due.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the Profit and Loss account on a straight-line basis over the period of the lease.

2 Analysis of turnover

	2007 £	2006 £
<i>By geographical market</i>		
United Kingdom	30,873,779	28,347,216
Rest of Europe	231,350	378,688
Other	-	-
	<hr/> 31,105,129 <hr/>	<hr/> 28,725,904 <hr/>

The Company's turnover and profit before taxation were all derived from its principal activity.

3 Other operating expenses

	2007 £	2006 £
Selling and promotion	4,834,369	4,797,018
Distribution costs	874,304	903,865
Administrative expenses	1,278,386	1,124,849
	<hr/> 6,987,059 <hr/>	<hr/> 6,825,732 <hr/>

Notes to the Financial Statements *(continued)*

4 Profit on ordinary activities before taxation

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
<i>Profit on ordinary activities before taxation is stated after charging.</i>		
Depreciation and other amounts written off tangible and intangible fixed assets		
Owned	140,421	127,925
Hire of plant and machinery - rentals payable under operating leases	201	304
Hire of other assets - operating leases	<u>246,150</u>	<u>236,250</u>

Auditor's remuneration

The auditor's remuneration in respect of the Company audit was £16,000 (2006 £15,000). Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's Financial Statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the Consolidated Financial Statements of the Company's parent, AstraZeneca PLC (See note 19).

5 Remuneration of Directors

	2007 £	2006 £
Directors' emoluments	122,107	107,347
Company contributions to defined benefit pension schemes	15,930	12,865
	<u>138,037</u>	<u>120,212</u>

	Number of Directors 2007	2006
Retirement benefits are accruing to the following number of Directors under		
Defined benefit schemes	1	1
The number of Directors who exercised share options was	<u>0</u>	<u>0</u>

Notes to the Financial Statements *(continued)*

6 Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows

	Number of employees	
	2007	2006
Sales and distribution	68	70
Administration	18	16
	<u>86</u>	<u>86</u>

The aggregate payroll costs of these persons were as follows

	2007 £	2006 £
Wages and salaries	3,261,206	3,080,811
Social security costs	334,781	312,476
Other pension costs	407,071	352,676
	<u>4,003,058</u>	<u>3,745,963</u>

7 Interest receivable and similar income

	2007 £	2006 £
Bank and other interest receivable	<u>1,043,321</u>	<u>648,167</u>

8 Taxation

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2006 *higher*) than the standard rate of corporation tax in the UK (30%, 2006 30%). The differences are explained below

	2007 £	2006 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	3,900,379	4,674,818
	<u>1,170,114</u>	<u>1,402,445</u>
Current tax charge at 30% (2006 30%)		
<i>Effects of</i>		
Expenses not deductible for tax purposes	73,925	77,826
Depreciation for the year in excess of capital allowances	4,717	1,914
Adjustments to tax charge in respect of previous years	(14,638)	43,126
	<u>1,234,118</u>	<u>1,525,311</u>
Tax on profit on ordinary activities		

Notes to the Financial Statements *(continued)*

8 Taxation *(continued)*

Deferred taxation

There was no material deferred tax arising in the year

Factors affecting the tax charge in the future

In April 2008 the statutory rate of corporation tax was reduced to 28%. The reduction in the tax rate is not expected to have a material impact on the Company's deferred tax position

9 Tangible fixed assets

	Short leasehold improvements £	Plant and machinery £	Computer equipment £	Office fixtures and fittings £	Total £
Cost					
At beginning of year	161 974	184 814	396,591	513 077	1,256,456
Additions	2 245	31,210	43,278	53,112	129,845
Disposals	-	(11,063)	(2,671)	(66,732)	(80,466)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	164,219	204 961	437,198	499 457	1 305,835
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At beginning of year	58,484	94 512	345,730	320,672	819,398
Charge for year	11,846	25 324	37 376	65,875	140 421
Disposals	-	(10 068)	(2,590)	(62 459)	(75,117)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	70,330	109,768	380,516	324 088	884,702
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 December 2007	93,889	95,193	56,682	175,369	421,133
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	103,490	90 302	50 861	192 405	437,058
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

10 Stocks

	2007 £	2006 £
Finished goods and goods for resale	820,380	1 516,205
	<hr/>	<hr/>

Notes to the Financial Statements *(continued)*

11 Debtors

	2007 £	2006 £
Trade debtors	4,487,377	4,216,657
Other debtors	1,704	688
Amounts owed by group undertakings	19,119,394	15,983,337
Prepayments and accrued income	143,396	118,345
	<u>23,751,871</u>	<u>20,319,027</u>

Included within amounts owed by group undertakings are deposits held in sub-accounts that are part of a group pooling system. As a consequence, to the extent that other group companies have withdrawn amounts from the group pooling system, such amounts represent a receivable from the group.

12 Creditors amounts falling due within one year

	2007 £	2006 £
Trade creditors	251,402	175,141
Amounts owed to group undertakings	1,320,068	1,341,795
Taxation and social security	4,514,775	4,262,670
Accruals and deferred income	470,114	441,303
	<u>6,556,359</u>	<u>6,220,909</u>

13 Called up share capital

	2007 £	2006 £
<i>Authorised</i>		
Ordinary Shares of £1 each	<u>100,000</u>	<u>100,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary Shares of £1 each	<u>100,000</u>	<u>100,000</u>

14 Reserves

	Profit and loss account £
At beginning of year	16,286,990
Retained profit for the year	<u>2,666,261</u>
At end of year	<u>18,953,251</u>

Notes to the Financial Statements *(continued)*

15 Reconciliation of movements in shareholders' funds

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Profit for the financial year	2,666,261	3 149 507
Net addition to shareholders' funds	2,666,261	3,149 507
Opening shareholders' funds	16,386,990	13,237 483
Closing shareholders' funds	19,053,251	16,386 990

16 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2007 Land and Buildings	2006 Land and Buildings £
Operating leases which expire		
Within one year	-	-
In the second to fifth years inclusive	65,000	60,000
Over five years	246,250	246 250
	311,250	306 250

17 Pension scheme

Astra Tech Limited participates in AstraZeneca Group's UK retirement plan. The actuarial valuations of these schemes are given in the consolidated AstraZeneca PLC Group accounts available from the address in Note 19.

The pension expense for the pension schemes amounted to £407,071 (2006 £352,676).

The Company is a member of a pension scheme providing benefits based on final pensionable pay. The Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits' and therefore the scheme has been accounted for by the Company as if the scheme was a defined contribution scheme.

18 Related party transactions

Under FRS 8, the Company is exempt from the requirement to disclose related party transactions with AstraZeneca PLC and its associated undertakings on the grounds that it is a wholly owned subsidiary undertaking of AstraZeneca PLC.

Notes to the Financial Statements *(continued)*

19 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a subsidiary undertaking of AstraZeneca PLC, incorporated in England and Wales

The largest group in which the results of the Company are consolidated is that headed by AstraZeneca PLC, who is the ultimate controlling party. The smallest group in which they are consolidated is that headed by Astra Tech AB, incorporated in Sweden. Copies of the Consolidated Financial Statements of AstraZeneca PLC are available to the public and may be obtained from AstraZeneca PLC, 15 Stanhope Gate, London, W1K 1LN.