

ALLIANCE UNICHEM SERVICES LIMITED

Report and Financial Statements

31 December 2003



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ALLIANCE UNICHEM SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS 2003

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ALLIANCE UNICHEM SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

AU Cosec Limited (resigned 16 June 2003)
G I Cooper (appointed 16 June 2003)
G Fairweather (appointed 16 June 2003)
A J Goodenough (appointed 16 June 2003, resigned 8 September 2003)
J Grover (appointed 16 June 2003)

SECRETARY

G Carpenter (appointed 16 June 2003)
A J Goodenough (resigned 16 June 2003)

REGISTERED OFFICE

Alliance House
2 Heath Road
Weybridge
Surrey KT13 8AP

BANKERS

National Westminster Bank Plc
City of London office
1 Princes Street
London
EC2R 8PA

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
London

ALLIANCE UNICHEM SERVICES LIMITED

DIRECTORS' REPORT

The directors present their annual report and the financial statements for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of management services to the Alliance UniChem group. No future changes in activity are envisaged.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The results for the year are set out in detail on page 5. The retained profit for the year is £467,458 (2002: £nil). The directors believe the future prospects of the company are good.

DIVIDENDS

The directors do not recommend the payment of a dividend for 2003 (2002: £nil).

SUPPLIER PAYMENT POLICY

It is company policy to agree and clearly communicate the terms of payment as part of the commercial arrangement negotiated with suppliers and then to pay according to those terms based upon the timely receipt of an accurate invoice.

DIRECTORS

The directors who served throughout the year, except as noted, were:

AU Cossec Limited	(resigned 16 June 2003)
G I Cooper	(appointed 16 June 2003)
G Fairweather	(appointed 16 June 2003)
A J Goodenough	(appointed 16 June 2003, resigned 8 September 2003)
J Grover	(appointed 16 June 2003)

G R Fairweather and G I Cooper are also directors of Alliance UniChem Plc, the ultimate parent company, and their interests in that company are detailed in the annual report of that company. No director had any interests in the share capital of the Company, or any other group company throughout the year other than that referred to above.

AUDITORS

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from that date under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



G Carpenter

23 February 2004

ALLIANCE UNICHEM SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF ALLIANCE UNICHEM SERVICES LIMITED

We have audited the financial statements of Alliance Unichem Services Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member, 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

23 February 2004

ALLIANCE UNICHEM SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2003

	Note	Year ended 31 December 2003 £	Period ended 31 December 2002 £
Other operating income	2	13,512,664	-
Administration expenses		(12,978,612)	-
OPERATING PROFIT		<hr/> 534,052	-
Profit on disposal of fixed assets		32,255	-
Interest payable and similar charges	3	(5,094)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<hr/> 561,213	-
Tax on profit on ordinary activities	6	(93,755)	-
RETAINED PROFIT FOR THE FINANCIAL YEAR	12	<hr/> <hr/> 467,458	-

The amounts recorded in the current year derive from continuing activities.

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 recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial year as stated above and their historical cost equivalents.

ALLIANCE UNICHEM SERVICES LIMITED

BALANCE SHEET

31 December 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible fixed assets	7	1,022,442	-
CURRENT ASSETS			
Debtors	8	22,096,182	2
Cash at bank		1,073,593	-
		23,169,775	2
CREDITORS: amounts falling due within one year	9	(22,064,996)	-
NET CURRENT ASSETS		1,104,779	2
TOTAL ASSETS LESS CURRENT LIABILITIES		2,127,221	2
PROVISIONS FOR LIABILITIES AND CHARGES	10	(659,763)	-
NET ASSETS		1,467,458	2
SHARE CAPITAL AND RESERVES			
Ordinary share capital	11	50,000	2
Share premium	12	950,000	-
Profit and loss account	12	467,458	-
TOTAL EQUITY SHAREHOLDER FUNDS	12	1,467,458	2

These financial statements were approved by the Board of Directors on 23 February 2004.

Signed on behalf of the Directors



G I Cooper

ALLIANCE UNICHEM SERVICES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Investments

Investments are stated at cost, less any provision for impairment.

Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Any exchange gains and losses arising thereon are accounted for in the profit and loss account.

Cash flow statement

The company is ultimately wholly owned by Alliance UniChem Plc and the cash flows of the company are included in the consolidated group cash flow statement of Alliance UniChem Plc. Consequently, the company is exempt under the terms of Financial Reporting Standard 1 from publishing a cash flow statement.

Pensions and other post retirement benefits

The Company contributes to the defined contribution group pension scheme operated by Alliance UniChem Plc. Benefits under the defined benefit scheme are fixed by reference to final pay. Valuations of the funds are carried out by the schemes' actuary Bacon & Woodrow, the last actuarial report being carried out as at 1 January 2000. That report disclosed that the funds were adequate to meet all the accrued obligations of the schemes. Particulars of the actuarial valuation of the group schemes are contained in the accounts of Alliance UniChem Plc.

Benefits under the defined contribution scheme depend on the level of contributions paid and on the emerging investment performance.

Depreciation

Furniture, fixtures, equipment and motor vehicles are depreciated over their estimated useful lives on a straight line basis.

Deferred Taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets or roll-over of tax on gains where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that they are regarded as more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

2. OTHER OPERATING INCOME

	Year ended 31 December 2003 £	Period ended 31 December 2002 £
Management charges receivable from group undertakings	12,901,920	-
Foreign exchange gains	69,733	-
Other income	541,011	-
	<u>13,512,664</u>	<u>-</u>

ALLIANCE UNICHEM SERVICES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

3. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2003 £	Period ended 31 December 2002 £
Interest receivable and similar income	800	-
Interest payable and similar charges	(5,894)	-
	<u>(5,094)</u>	<u>-</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 31 December 2003 £	Period ended 31 December 2002 £
This is stated after charging:		
Auditors remuneration – audit fees	90,000	-
Auditors remuneration – tax advisory fees	531,485	-
Depreciation	241,607	-

5. STAFF COSTS

	Year ended 31 December 2003 £	Period ended 31 December 2002 £
Wages and salaries	5,567,479	-
Social security costs	504,730	-
Other pension costs	382,409	-
	<u>6,454,618</u>	<u>-</u>

The average number of persons employed by the company was 58 (2002: none). Directors' remuneration was borne by Alliance UniChem Plc in 2003 and 2002.

ALLIANCE UNICHEM SERVICES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 December 2003 £	Period ended 31 December 2002 £
Corporation tax at 30% (2002: 30%)	(153,992)	-
Deferred tax credit	60,237	-
	<u>(93,755)</u>	<u>-</u>

The standard rate of current tax for the year, based on the UK rate of corporation tax is 30%. The current tax credit for the year varies from the standard rate of corporation tax for the reasons set out in the following reconciliation:

	Year ended 31 December 2003 £	Period ended 31 December 2002 £
Profit on ordinary activities before taxation	561,213	-
Tax charge at standard rate	168,364	-
Permanent differences	(74,609)	-
Timing differences reversing	60,237	-
	<u>153,992</u>	<u>-</u>

7. TANGIBLE FIXED ASSETS

	Furniture, fixtures & equipment £	Motor vehicles £	Total £
Cost			
At 1 January 2003	-	-	-
Transferred from other group undertakings	910,555	657,485	1,568,040
Other additions	445,064	221,583	666,647
Disposals	-	(323,636)	(323,636)
At 31 December 2003	<u>1,355,619</u>	<u>555,432</u>	<u>1,911,051</u>
Depreciation			
At 1 January 2003	-	-	-
Transferred from other group undertakings	524,054	375,437	899,491
Charge for the year	133,898	107,709	241,607
Disposals	-	(252,489)	(252,489)
At 31 December 2003	<u>657,952</u>	<u>230,657</u>	<u>888,609</u>
Net book value			
At 31 December 2003	<u>697,667</u>	<u>324,775</u>	<u>1,022,442</u>
At 31 December 2002	-	-	-

ALLIANCE UNICHEM SERVICES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

8. DEBTORS

	2003 £	2002 £
Amounts due from group undertakings	17,024,507	2
Other debtors	929,688	-
Prepayments	2,957,829	-
Accrued income	659,000	-
Corporation tax	525,158	-
	<u>22,096,182</u>	<u>2</u>

9. CREDITORS: amounts falling due within one year

	2003 £	2002 £
Amounts due to group undertakings	8,675,882	-
Other taxation and social security	264,794	-
Other creditors	2,786,963	-
Accruals and deferred income	10,337,357	-
	<u>22,064,996</u>	<u>-</u>

10. PROVISIONS FOR LIABILITIES AND CHARGES

	2003 £	2002 £
Deferred taxation		
At 1 January	-	-
Current year credit	(60,237)	-
Transfer from other group undertaking	720,000	-
At 31 December	<u>659,763</u>	<u>-</u>

The amount of deferred tax provided in the financial statements and the potential amounts not provided are:

	Provided 2003 £	Not provided 2003 £	Provided 2002 £	Not provided 2002 £
Pension accrual	750,000	-	-	-
Capital allowances	(3,237)	-	-	-
Other timing differences	(87,000)	-	-	-
	<u>659,763</u>	<u>-</u>	<u>-</u>	<u>-</u>

ALLIANCE UNICHEM SERVICES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

11. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised:		
500,000 ordinary shares of £1 each	500,000	500,000
Called up, allotted and fully paid:		
50,000 ordinary shares of £1 each (2002: 2 shares)	50,000	2

49,998 ordinary shares were issued on 24 December 2003. Consideration was received in the form of cash.

12. COMBINED STATEMENT OF MOVEMENTS IN SHAREHOLDER FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Share capital 2003 £	Share premium 2003 £	Profit and loss account 2003 £	Total 2003 £	2002 £
At 1 January	2	-	-	2	-
Retained profit for the financial year	-	-	467,458	467,458	-
Issue of shares	49,998	950,000	-	999,998	2
At 31 December	50,000	950,000	467,458	1,467,458	2

13. RELATED PARTY TRANSACTIONS

No related party transactions have been disclosed between the Company and the other group companies as permitted by paragraph 3(c) of Financial Reporting Standard 8 - Related Party Disclosures. The names of the group companies are shown in the accounts of Alliance UniChem Plc.

14. ULTIMATE PARENT COMPANY

Alliance UniChem Group Limited is the immediate parent company. The ultimate holding company of this company is Alliance UniChem Plc a company incorporated in Great Britain and registered in England and Wales. The accounts of Alliance UniChem Plc are available to the public and can be obtained from The Secretary, Alliance UniChem Plc, Alliance House, 2 Heath Road, Weybridge, Surrey. KT13 8AP.