



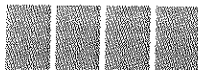
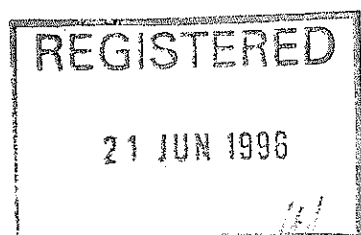
Chartered Accountants

Stokes House  
College Sq. East  
Belfast BT1 6DH  
Northern Ireland

NI 18941

FINANCIAL STATEMENTS OF  
SANGERS (NORTHERN IRELAND) LIMITED  
YEAR ENDED 30 SEPTEMBER 1995

18 JUN 1996  
RECEIPT No.  
18941





SANGERS (NORTHERN IRELAND) LIMITED

Year ended 30 September 1995

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SANGERS (NORTHERN IRELAND) LIMITEDDirectors and other informationDirectors

R.J. White, O.B.E. (Chairman)  
S.J.C. Simms (Managing)  
P. Caffrey  
J.V. Liston  
A. Shaw  
P.R. Surgenor

Secretary

S.J.C. Simms

Registered office

2 Marshalls Road,  
Belfast.

Bankers

First Trust Bank,  
37 Cregagh Road,  
Belfast.

Auditors

KPMG,  
Stokes House,  
17/25 College Square East,  
Belfast.

Company registration number

NI 18941

SANGERS (NORTHERN IRELAND) LIMITEDReport of the DirectorsFor the year ended 30 September 1995

The Directors have pleasure in submitting their Annual Report together with the audited financial statements for the year ended 30 September 1995.

1. Principal activities and business review

The Company, which is a wholly owned subsidiary of Alchem plc, is engaged in the wholesale and distribution of pharmaceutical and over the counter products.

On 20 February 1995, Sangers (Northern Ireland) Limited purchased the trade of Frank Mitchell & Co Limited together with certain assets. The trade is consistent with the principal activities of the Company and has been fully integrated into the Company's continuing operations.

2. Results and dividends

The trading profit after taxation for the period amounted to £936,356 (1994:£702,076). The Directors recommend that no dividend be paid.

3. Fixed assets

Significant changes in fixed assets are included in Note 8 to the financial statements.

4. Taxation

The Company is not a close company as defined by the Income and Corporation Taxes Act 1988.

5. Directors and directors' interests

The Directors who held office during the year are listed on page 2.

Mr R.J. White holds one share in the Company as a nominee of Alchem plc. There are no other Directors' interests requiring to be disclosed under the Companies (Northern Ireland) Order 1986.

None of the Directors had a material interest at any time during the year in any contract of significance in relation to the Company's business or any other material interest, required by law to be disclosed, in any transaction or arrangement with the Company.

SANGERS (NORTHERN IRELAND) LIMITED

Report of the Directors

For the year ended 30 September 1995

Auditors

On 6 February 1995, our auditors changed the name under which they practise to KPMG and accordingly have signed their report in their new name.

KPMG have expressed their willingness to continue in office as auditors and a resolution for their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board

19 January 1996

S.J.C. SIMMS



SECRETARY

SANGERS (NORTHERN IRELAND) LIMITEDStatement of Directors' responsibilities  
in respect of the preparation of financial statementsFor the year ended 30 September 1995

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 and of the profit or loss for that year. In preparing those financial statements, the Directors are required to:

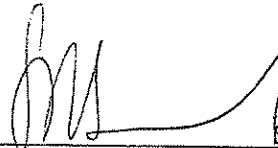
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for maintaining 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 (Northern Ireland) Order 1986. 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.

By Order of the Board

19 January 1996

S.J.C. SIMMS



SECRETARY



Chartered Accountants

Stokes House  
College Sq. East  
Belfast BT1 6DH  
Northern Ireland

Report of the auditors to the members of Sangers (Northern Ireland) Limited

We have audited the financial statements on pages 7 to 17.

**Respective responsibilities of Directors and auditors**

As described on page 5 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit of those statements and to report our opinion to you.

**Basis of 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.

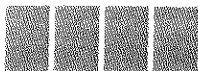
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 30 September 1995 and of the profit for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.

KPMG  
Chartered Accountants  
Registered Auditors

19 January 1996



SANGERS (NORTHERN IRELAND) LIMITEDProfit and loss accountFor the year ended 30 September 1995

	<u>Note</u>	<u>1995</u> £	<u>1994</u> £
TURNOVER - continuing operations	2	74,294,492	60,008,018
Cost of sales		(69,935,660)	(56,504,865)
GROSS PROFIT		4,358,832	3,503,153
Distribution costs		(537,294)	(497,846)
Administrative expenses		(2,704,489)	(2,246,085)
Other operating income		<u>582,470</u>	<u>501,411</u>
OPERATING PROFIT - continuing operations		1,699,519	1,260,633
Net interest payable	4	<u>(212,939)</u>	<u>(139,155)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	1,486,580	1,121,478
Taxation	6	<u>(550,224)</u>	<u>(419,402)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	<u>936,356</u>	<u>702,076</u>

A statement of movements on reserves is given in Note 17.

The Company has no recognised gains or losses other than those included above, and therefore no separate statement of total recognised gains and loss has been presented.

The notes on pages 9 to 17 form part of these financial statements.



## SANGERS (NORTHERN IRELAND) LIMITED

## Balance sheet

At 30 September 1995

	Note	£	1995	£	1994	£
<b>FIXED ASSETS</b>						
Tangible assets	8		2,275,662		2,001,483	
Investments - other			-		15,267	
			2,275,662		2,016,750	
<b>CURRENT ASSETS</b>						
Stocks	9	7,027,205		4,902,325		
Debtors	10	12,376,069		9,452,210		
Cash at bank and in hand		-		-		
		19,403,274		14,354,535		
CREDITORS: Amounts falling due within one year	11	(16,875,505)		(12,220,559)		
NET CURRENT ASSETS			2,527,769		2,133,976	
TOTAL ASSETS LESS CURRENT LIABILITIES			4,803,431		4,150,726	
CREDITORS: Amounts falling due after more than one year	12		(1,251,906)		(1,382,730)	
NET ASSETS			3,551,525		2,767,996	
<b>CAPITAL AND RESERVES</b>						
Called up share capital	16		100		100	
Profit and loss account	17		3,551,425		2,767,896	
EQUITY SHAREHOLDERS' FUNDS			3,551,525		2,767,996	

These financial statements were approved by the Board of Directors on 19 January 1996 and signed on their behalf by:

S.J.C. SIMMS

DIRECTOR

P.R. SURGENOR

DIRECTOR

The notes on pages 9 to 17 form part of these financial statements.

Notes to the financial statementsFor the year ended 30 September 19951. 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.

(a) Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. The Company is exempt from the requirement of Financial Reporting Standard No. 1 to prepare a cashflow statement as it is a wholly owned subsidiary undertaking of Alchem plc and its cashflows are included within the consolidated cashflow statement of that company.

(b) Stock

Stocks are valued at the lower of current replacement cost and net realisable value. Current replacement cost does not differ materially from historic cost.

(c) Deferred taxation

The Company provides deferred taxation to take account of reversible timing differences where the treatment of certain items for accounts purposes differs from their treatment for corporation tax purposes, except where a liability is not considered likely to arise in the foreseeable future.

(d) Turnover

Turnover represents invoiced amounts of goods sold net of value added tax and settlement discount.

(e) Pension funding

The Company operates a defined benefit pension scheme under which contributions by the Company and eligible employees are made for funding of death and retirement benefits. The expected cost of providing pension benefits is charged to the profit and loss account so as to spread the cost over the expected average remaining service lives of employees. Differences between the amounts funded and amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

(f) Finance leasing

Leasing payments under finance leases agreed before 31 March 1989 are charged to the profit and loss account evenly over the period of the lease.

Assets acquired under finance leases agreed after 31 March 1989 are included in tangible fixed assets at an amount equivalent to the purchase price of such assets and depreciated over their useful lives. Obligations under such finance leases, net of any finance charges allocated to future periods, are included as creditors in the balance sheet. Finance charges are spread evenly over the period of the lease.

(g) Research and development

All expenditure on research and development is written off as it is incurred.

## SANGERS (NORTHERN IRELAND) LIMITED

Notes to the financial statementsFor the year ended 30 September 19951. Accounting policies (continued)(h) Fixed assets and depreciation

Depreciation is provided by the Company 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:

Freehold buildings	-	2%
Plant and machinery	-	20%
Motor vehicles	-	25%

No depreciation is provided on freehold land.

2. Turnover and segmental information

Turnover represents sales of pharmaceutical and over the counter products within Northern Ireland.

3. Acquisitions

During the year the Company acquired the business of another pharmaceutical wholesaler. The operations of the acquisition were fully integrated into the existing business of the Company. Consequently it is not possible to identify separately the results of that business acquisition. However, the Directors estimate that the acquisition has increased turnover by £4,700,000 and operating profit by £110,000.

The business and certain assets were purchased for a consideration of £772,921. The fair value of the assets purchased, all of which were stock was £620,094. The goodwill of £152,827 arising on the transaction has been written off to the profit and loss account.

Net interest payable

	<u>1995</u> £	<u>1994</u> £
Payable:		
Bank interest on loans not wholly repayable within five years	198,818	135,566
Interest on finance leases	<u>15,804</u>	<u>17,754</u>
	214,622	153,320
Receivable:		
Bank interest	<u>(1,683)</u>	<u>(14,165)</u>
Net interest payable	<u>212,939</u>	<u>139,155</u>

SANGERS (NORTHERN IRELAND) LIMITEDNotes to the financial statementsFor the year ended 30 September 1995Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:-

	<u>1995</u>	<u>1994</u>
	£	£
Auditors' remuneration - audit services	8,500	11,500
- non audit services	1,500	1,500
Depreciation and other amounts written off tangible fixed assets:		
Owned	194,907	170,632
Leased	107,751	83,085
Directors' remuneration	76,455	88,884
Hire of motor vehicles - operating leases	4,027	-
and after crediting:		
Profit on sale of fixed assets	<u>8,665</u>	<u>10,590</u>

6. Tax on profit from ordinary activities

	<u>1995</u>	<u>1994</u>
	£	£
Corporation tax for year at 33%	532,500	400,000
Underprovided in previous periods	<u>17,724</u>	<u>19,402</u>
	<u>550,224</u>	<u>419,402</u>

No charge or provision is required for deferred taxation in either period.

## SANGERS (NORTHERN IRELAND) LIMITED

## Notes to the financial statements

For the year ended 30 September 1995

7. Directors and employees

- (i) The average number of persons employed by the Company (including executive Directors) during the period, analysed by category, was as follows:-

	<u>1995</u>	<u>1994</u>
	No.	No.
Warehouse	88	74
Delivery	28	27
Administration	<u>69</u>	<u>64</u>
	<u>185</u>	<u>165</u>

- (ii) The aggregate staff costs of these persons were as follows:-

	<u>1995</u>	<u>1994</u>
	£	£
Wages and salaries	1,768,211	1,665,598
Social security costs	138,314	113,274
Other pension costs	<u>104,608</u>	<u>80,852</u>
	<u>2,011,133</u>	<u>1,859,724</u>

- (iii) Directors' emoluments, including taxable benefits and pension fund contributions

<u>1995</u>	<u>1994</u>
£	£
<u>76,455</u>	<u>88,884</u>

The emoluments, excluding pension contributions, of the Chairman were £Nil (1994:£Nil) and those of the highest paid Director were £34,243 (1994:£39,952).

- (iv) The emoluments, excluding pension contributions, of the Directors (including the Chairman and highest paid Director) were within the following ranges:-

	<u>1995</u>	<u>1994</u>
	£	£
£Nil	4	4
£25,001 - £30,000	1	-
£30,000 - £35,000	1	1
£35,001 - £40,000	-	1
£45,001 - £50,000	-	-
£55,001 - £60,000	-	-
	<u>6</u>	<u>6</u>

## SANGERS (NORTHERN IRELAND) LIMITED

## Notes to the financial statements

For the year ended 30 September 1995

Tangible fixed assets

	Freehold <u>land</u> £	Freehold <u>buildings</u> £	Plant and <u>Machinery</u> £	Motor <u>vehicles</u> £	<u>Total</u> £
<u>Cost or Valuation</u>					
At 30 September 1994	23,500	1,352,917	942,381	559,646	2,878,444
Additions	-	18,645	450,567	124,246	593,458
Disposals	-	-	(1,456)	(157,202)	(158,658)
At 30 September 1995	<u>23,500</u>	<u>1,371,562</u>	<u>1,391,492</u>	<u>526,690</u>	<u>3,313,244</u>
<u>Depreciation</u>					
At 30 September 1994	-	65,687	529,325	281,949	876,961
Provision for year	-	27,111	161,777	113,770	302,658
Disposals	-	-	(1,456)	(140,581)	(142,037)
At 30 September 1995	-	<u>92,798</u>	<u>689,646</u>	<u>255,138</u>	<u>1,037,582</u>
<u>Net book value</u>					
At 30 September 1995	<u>23,500</u>	<u>1,278,764</u>	<u>701,846</u>	<u>271,552</u>	<u>2,275,662</u>
At 30 September 1994	<u>23,500</u>	<u>1,287,230</u>	<u>413,056</u>	<u>277,697</u>	<u>2,001,483</u>

The net book amount of plant and machinery includes £860 (1994:£1,891) in respect of leased assets, on which depreciation of £1,032 (1994:£1,650) was charged in the year. The net book amount of motor vehicles includes £251,612 (1994:£252,056) in respect of leased assets, on which depreciation of £106,719 (1994:£81,435) was charged in the year.

Stocks

	<u>1995</u> £	<u>1994</u> £
Finished goods and goods for resale	<u>7,027,205</u>	<u>4,902,325</u>

## SANGERS (NORTHERN IRELAND) LIMITED

## Notes to the financial statements

For the year ended 30 September 1995

## 10. Debtors

	<u>1995</u> £	<u>1994</u> £
Amounts due within one year:		
Trade debtors	10,457,138	7,945,507
Other debtors	1,449,638	1,074,561
Prepayments and accrued income	382,704	391,572
Amounts owed by group undertakings:		
Parent and fellow subsidiary undertakings	86,589	40,570
	<u>12,376,069</u>	<u>9,452,210</u>

## 11. Creditors: Amounts falling due within one year

	<u>1995</u> £	<u>1994</u> £
Amounts owed to group undertakings:		
Parent and fellow subsidiary undertakings	2,640,026	2,211,524
Bank loans and overdrafts	2,670,117	597,893
Trade creditors	8,132,213	6,670,869
Other taxes and social security	873,552	727,004
Current taxation	532,500	400,000
Other creditors	1,178,857	946,568
Accruals	745,362	574,374
Obligations under finance leases and hire purchase contracts	102,878	92,327
	<u>16,875,505</u>	<u>12,220,559</u>

Cross-guarantees are in place between Sangers (Northern Ireland) Limited and other Group companies.

## 12. Creditors: Amounts falling due after one year

	<u>1995</u> £	<u>1994</u> £
Bank loans	1,114,508	1,236,317
Obligations under finance leases and hire purchase contracts (Note 13)	137,398	146,413
	<u>1,251,906</u>	<u>1,382,730</u>

## SANGERS (NORTHERN IRELAND) LIMITED

## Notes to the financial statements

For the year ended 30 September 1995

13. Bank loans

	<u>1995</u> £	<u>1994</u> £
Creditors payable by instalments:		
Due within one year	121,808	138,786
Due between one and two years	133,373	121,809
Due between two and five years	477,025	437,444
Due after five years	<u>504,110</u>	<u>677,064</u>
	<u>1,236,316</u>	<u>1,375,103</u>

The bank loan is subject to interest at a fixed rate and is repayable in equal quarterly instalments up to March 2003.

14. Obligations under finance leases and hire purchase contracts

	<u>1995</u> £	<u>1994</u> £
Due within one year	102,878	92,327
Due between one and two years	79,408	75,688
Due between two and five years	<u>57,990</u>	<u>70,725</u>
	<u>240,276</u>	<u>238,740</u>

15. Reconciliation of movements in equity shareholders' funds

	<u>1995</u> £	<u>1994</u> £
Opening equity shareholders' funds	2,767,996	2,065,920
Profit for the year	936,356	702,076
Goodwill written off	<u>(152,827)</u>	<u>-</u>
Closing equity shareholders' funds	<u>3,551,525</u>	<u>2,767,996</u>

16. Share capital

	<u>1995</u> £	<u>1994</u> £
<u>Authorised:</u>		
Ordinary Shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<u>Allotted, called up and fully paid:</u>		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>



SANGERS (NORTHERN IRELAND) LIMITEDNotes to the financial statementsFor the year ended 30 September 199517. Reserves

	<u>1995</u> £	<u>1994</u> £
Profit and loss account		
At beginning of year	2,767,896	2,065,820
Retained profit for the year	936,356	702,076
Goodwill written off	<u>(152,827)</u>	<u>-</u>
At end of year	<u>3,551,425</u>	<u>2,767,896</u>

18. Commitments

- (i) Capital commitments at the end of the financial year for which no provision has been made:

	<u>1995</u> £	<u>1994</u> £
Contracted	<u>300,000</u>	<u>-</u>
Authorised but not contracted	<u>360,000</u>	<u>-</u>

- (ii) Annual commitments under non-cancellable operating leases are as follows:

	<u>1995</u> Motor vehicles £	<u>1994</u> Motor vehicles £
Operating leases which expire within two to five years	<u>12,996</u>	<u>-</u>

SANGERS (NORTHERN IRELAND) LIMITEDNotes to the financial statementsFor the year ended 30 September 199519. Pension commitments

The main pension scheme of the Company is the Sangers (Northern Ireland) Limited Pension Fund which is a defined benefit scheme providing benefits based on final pay and service at retirement. The assets of the scheme are held separately from those of the Group, being directly invested on a discretionary basis by Lazard Securities.

Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the attained age method. The most recent valuation was at 1 April 1995. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that investment returns would be 9% per annum, that salary increases would average 7% per annum, and that present and future pensions would increase at the rate of 3% per annum.

The valuation showed that the market value of the scheme's assets was £1,810,984. The actuarial value of those assets represented 105% of the benefits that had accrued to members after allowing for expected future increases in earnings. The reduced pension cost to the Company due to this surplus will be spread over the remaining service lives of the current employee members and has given rise to a variation from the regular cost for the year. From 1 April 1990 until 30 September 1995 no employer's contribution has been payable. The premiums for insured death in service benefits remained payable throughout the year. The pension charge in connection with this scheme for the year was £54,605 (1994:£38,253) which represented the regular pension cost for the year as determined by the actuary, together with the benefit of the valuation referred to above. Provisions relating to variations from regular cost at the year end amounted to £140,336 (1994:£85,731). The contributions of employees remained at 5.5%.

The Company also operates a defined contribution scheme for certain employees. The assets of this scheme are held in a separate independently administered fund. The pension charge in connection with this scheme was £13,587 (1993:£13,629).

20. Group affiliation

The largest Group in which the results of the Company are consolidated is that headed by United Drug plc, a company incorporated in the Republic of Ireland. The Directors regard United Drug plc as the ultimate parent company. The smallest Group in which the results of the Company are consolidated is that headed by Alchem plc, a company incorporated in Northern Ireland. The consolidated financial statements of these Groups are available to the public and may be obtained from the following addresses:

United Drug plc

James Street  
Ballina  
Co Mayo  
Republic of Ireland

Alchem plc

Companies Registry  
IDB House  
64 Chichester Street  
Belfast 1