

Registrar's Copy

SAFC Biosciences Limited

Report and Financial Statements

Year Ended

31 December 2011

Company Number 3195318

TUESDAY



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SAFC Biosciences Limited

Report and financial statements for the year ended 31 December 2011

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Directors

Graham Lucas
Franklin Devoe Wicks, Jr

Secretary and registered office

Graham Lucas, The Old Brickyard, New Road, Gillingham, Dorset SP8 4XT

Company number

3195318

Auditors

BDO LLP, Kings Wharf, 20-30 Kings Road, Reading RG1 3EX

SAFC Biosciences Limited

Director's report for the year ended 31 December 2011

The directors present their report together with the audited financial statements for the year ended 31 December 2011

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year. The directors paid a final ordinary dividend for the year of £Nil (2010 - £749,163) to its immediate parent company, Sigma-Aldrich Company Ltd

Principal activities and business review using key performance indicators (KPIs)

The principal activity of the company during the year was the sale and marketing of pharmaceutical and allied products. The directors aim to continue to develop the company's trading activity over the coming year.

Overall turnover increased by £4.3m (2010 decrease of £1.2m) during the year and the directors report a profit for the year after taxation of £1.5m (2010 £1.2m)

The company retains cash balances of £10.5m which will offer continued stability to the company despite lingering uncertainty in the wider economy.

Given the relatively straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The management of the business and execution of the company strategy are subject to a number of risks. Key business risks principally relate to market competition, both from a national and international perspective, and the retention of suitably qualified employees.

Future developments

During 2010, it was announced that the production and administration part of the business based in Andover would be transferred to the Irvine site of the immediate parent company, Sigma-Aldrich Company Limited. The distribution business has continued, inventory continues to be stored at a third party warehouse facility and ownership remains with SAFC Biosciences Ltd. The production business was transferred to other group sites in September 2011, the Andover site was in the process of being decommissioned as at the year end. Remaining restructuring costs of £39,000 have been provided for in these financial statements as outlined in note 13.

Financial instruments

The company has not entered into any financial instrument contracts in the period. The company aims to reduce financial risk by reducing exposure to risk on liquidity, cash flows, credit, and price. Liquidity risk is reduced by maintaining a strongly positive cash balance. There is limited risk exposure with regards to cash flows, as the business is strongly cash positive and is a highly cash generative business. With regards to credit risk, the company has strong relations with its suppliers due to a good credit history and therefore this is not seen by the directors as a key risk. The risk of price erosion is difficult to mitigate, however the products that the company manufactures are highly regarded in the industry, which helps to maintain margin.

Directors

The directors of the company during the year were

Graham Lucas

Michael Harris – resigned 19th December 2011

Franklin Devoe Wicks, Jr

No director had any interest in the ordinary or preference share capital of the company. There is no qualifying third party indemnity provision for the benefit of any of the directors. Franklin Devoe Wicks, Jr is also a director of the ultimate parent company, Sigma-Aldrich Corporation, and his interest in the share capital of that company are shown in its financial statements.

SAFC Biosciences Limited

Director's report for the year ended 31 December 2011 (*continued*)

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the annual general meeting in accordance with section 485 of the Company Act 2006.

By order of the Board



G Lucas
Secretary

Date 7 June 2012

SAFC Biosciences Limited

Independent auditor's report

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF SAFC BIOSCIENCES LIMITED

We have audited the financial statements of SAFC Biosciences Limited for the year ended 31 December 2011 which comprise profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

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

Opinion on other matters prescribed by the Companies Act 2006

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

SAFC Biosciences Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

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

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

BDO LLP

*Christopher Pooles (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Reading
United Kingdom*

Date *7 JUNE 2012*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

SAFC Biosciences Limited

Profit and loss account for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Turnover	2	32,165	27,894
Cost of sales		29,319	25,030
Gross profit		2,846	2,864
Administrative expenses		621	1,140
Operating profit	3	2,225	1,724
Interest receivable	6	48	37
Profit on ordinary activities before taxation		2,273	1,761
Taxation on profit from ordinary activities	7	776	540
Profit on ordinary activities after taxation	15	1,497	1,221

All amounts relate to continuing activities

All recognised gains and losses in the year and prior year are included in the profit and loss account

The notes on pages 7 to 14 form part of these financial statements

SAFC Biosciences Limited

Balance sheet at 31 December 2011

Company number 3195318	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Fixed assets					
Tangible assets	9		-		356
Current assets					
Stocks	10	3,079		3,921	
Debtors	11	2,049		4,207	
Cash at bank and in hand		10,561		6,960	
		<u>15,689</u>		<u>15,088</u>	
Creditors: amounts falling due within one year	12	<u>3,237</u>		<u>4,190</u>	
Net current assets			<u>12,452</u>		<u>10,898</u>
Total assets less current liabilities			<u>12,452</u>		<u>11,254</u>
Provisions for liabilities and charges	13		39		338
Net assets			<u>12,413</u>		<u>10,916</u>
Capital and reserves					
Called up share capital	14		-		-
Profit and loss account	15		12,413		10,916
Shareholders' funds	16		<u>12,413</u>		<u>10,916</u>

The financial statements were approved by the Board of Directors and authorised for issue on 7 June 2012



G Lucas
Director

The notes on pages 7 to 14 form part of these financial statements

SAFC Biosciences Limited

Notes forming part of the financial statements for the year ended 31 December 2011

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

Cash flow statement

The company has taken advantage of the exemption conferred by FRS 1 from the requirement to prepare a cash flow statement, on the grounds that over 90% of the voting rights of the company are controlled within a group for which the consolidated accounts in which the subsidiary undertaking is included are publicly available

Turnover

Turnover represents sale of goods at invoiced amounts less value added tax. Turnover is recognised at point of sale, i.e. on delivery

Depreciation

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

Leasehold Improvements	-	Shorter of useful economic life or term of the lease
Plant & Machinery	-	3 to 10 years

Stocks

Stocks are valued at the lower of cost and net realisable value, as follows

Raw materials, consumables and goods for resale - standard cost

Work in progress and finished goods - based on standard cost of direct materials and labour plus attributable overheads

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that

- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

SAFC Biosciences Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (*continued*)

1 Accounting policies (*continued*)

Foreign currencies

Transactions in foreign currencies are recorded at the average rate for the year. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

All exchange differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

Pension costs

The group operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions are charged to the profit and loss account when payable in accordance with the rules of the scheme.

2 Turnover

Turnover comprises the invoice value of sales, excluding sales taxes and trade discounts, made in respect of the company's continuing principal activity.

An analysis of turnover by geographical market is given below:

	2011 £'000	2010 £'000
United Kingdom	1,879	2,099
Rest of Europe	28,287	24,145
Rest of World	1,999	1,650
	<hr/>	<hr/>
	32,165	27,894
	<hr/>	<hr/>

SAFC Biosciences Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (continued)

3 Operating profit

This is stated after charging

	2011 £'000	2010 £'000
Auditors' remuneration	20	22
Depreciation of owned fixed assets	356	580
Operating lease rentals		
- land and buildings	66	66
- plant and machinery	17	27
Net loss on foreign currency translation	13	126
	<hr/>	<hr/>

4 Employees

	2011 £'000	2010 £'000
Staff costs consist of		
Wages and salaries	397	767
Social security costs	46	99
Other pension costs	13	25
	<hr/>	<hr/>
	456	891
	<hr/>	<hr/>

The average number of employees during the year was as follows

	2011 No.	2010 No.
Production staff	6	8
Distribution staff	3	3
Administration staff	6	13
	<hr/>	<hr/>
	15	24
	<hr/>	<hr/>

Note – all staff were made redundant or transferred to other group companies as at end of September 2011

5 Directors

No directors' remuneration was incurred during the year (2010 - Nil). Certain directors of the company are also directors or officers of Sigma-Aldrich Corporation. The directors' services to the company do not occupy a significant amount of their time. As such, the directors do not consider that they have received any remuneration for their incidental services to the company for the year ended 31 December 2011 (2010 - Nil).

SAFC Biosciences Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

6	Interest receivable	2011	2010
		£'000	£'000
	Bank interest receivable	<u>48</u>	<u>37</u>
7	Taxation on profit from ordinary activities	2011	2010
		£'000	£'000
	<i>Current tax</i>		
	UK corporation tax on profits of the year	619	626
	Adjustment in respect of previous years	<u>136</u>	<u>-</u>
	Total current tax	755	626
	<i>Deferred tax</i>		
	Origination and reversal of timing differences	21	(130)
	Adjustment in respect of previous years	<u>-</u>	<u>44</u>
	Taxation on profit on ordinary activities	<u>776</u>	<u>540</u>
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below			
		2011	2010
		£'000	£'000
	Profit on ordinary activities before tax	<u>2,273</u>	<u>1,761</u>
	Profit on ordinary activities at the standard rate of corporation tax in the UK of 26.5% (2010 - 28 %)	602	493
	Effects of		
	Expenses not deductible for tax purposes	3	3
	Accelerated capital allowances / other timing differences	14	130
	Adjustment to tax charge in respect of previous years	<u>136</u>	<u>-</u>
	Current tax charge for year	<u>755</u>	<u>626</u>

SAFC Biosciences Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (*continued*)

7 Taxation on profit from ordinary activities (*continued*)

	2011 £'000	2010 £'000
<i>Deferred tax</i>		
Capital allowances in advance of depreciation	-	21
Deferred taxation asset	-	21
At 1 January 2011	21	(65)
Profit and loss account movement arising during the year	(21)	86
At 31 December 2011	-	21

8 Dividends

	2011 £'000	2010 £'000
Ordinary shares		
Final dividend for the year of £Nil (2010 - £374,500) per share	-	749

9 Tangible assets

	Short leasehold improvements £'000	Plant & machinery £'000	Total £'000
<i>Cost</i>			
At 1 January 2011	2,355	715	3,070
Disposals	(2,355)	(715)	(3,070)
At 31 December 2011	-	-	-
<i>Depreciation</i>			
At 1 January 2011	1,999	715	2,714
Provided for the year	356	-	356
Disposals	(2,355)	(715)	(3,070)
At 31 December 2011	-	-	-
<i>Net book value</i>			
At 31 December 2011	-	-	-
At 31 December 2010	356	-	356

SAFC Biosciences Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

10 Stocks

	2011 £'000	2010 £'000
Finished goods	3,079	3,541
Raw Materials	-	380
	<u>3,079</u>	<u>3,921</u>

There is no material difference between the replacement cost of stocks and the amounts stated above

11 Debtors

	2011 £'000	2010 £'000
Amounts owed by group undertakings	1,641	4,044
Prepayments and accrued income	-	27
VAT	408	115
Deferred tax asset	-	21
	<u>2,049</u>	<u>4,207</u>

All amounts shown under debtors fall due for payment within one year

12 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	76	201
Amounts owed to group undertakings	2,643	3,680
Other taxation and social security	6	30
Corporation tax	327	214
Accruals and deferred income	185	65
	<u>3,237</u>	<u>4,190</u>

SAFC Biosciences Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

13 Provisions for liabilities and charges

	Restructuring cost £'000	Onerous lease £'000	Total £'000
At 1 January 2011	299	39	338
Utilised in the year	(271)	(39)	(310)
Debited to profit and loss account	11	-	11
	<hr/>	<hr/>	<hr/>
At 31 December 2011	39	-	39
	<hr/>	<hr/>	<hr/>

During the prior year, it was announced that the production and administration business based in Andover would close in 2011. The remaining restructuring costs of £39,000, are in respect of the final decommissioning and restoration of the Andover premises.

The lease of the Andover premises expires in April 2012. All payments for lease charges have been made as at the year end.

14 Share capital

	2011 Number	2011 £000	2010 Number	2010 £000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	2	-	2	-
	<hr/>	<hr/>	<hr/>	<hr/>

15 Reserves

	Profit and loss account £'000
At 1 January 2011	10,916
Profit for the year	1,497
	<hr/>
At 31 December 2011	12,413
	<hr/>

SAFC Biosciences Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

16 Reconciliation of movement in shareholders' funds

	2011 £'000	2010 £'000
Profit for the year	1,497	1,221
Dividends	-	(749)
Net additions to shareholders' funds	1,497	472
Opening shareholders, funds	10,916	10,444
Closing shareholders' funds	12,413	10,916

17 Capital commitments

Amounts contracted for but not provided for in the accounts amount to £Nil (2010 £Nil)

18 Commitments under operating leases

	2011 £'000	2010 £'000
Operating leases which expire Between two and five years	-	66

19 Pension commitments

The group operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions made during the period were £12,902 (2010 £25,385) and no unpaid contributions were outstanding at the year end.

20 Ultimate parent company

At 31 December 2011 the company's ultimate parent company and controlling party was Sigma-Aldrich Corporation, which is incorporated in the USA. The immediate parent undertaking is Sigma-Aldrich Company Limited. Copies of the consolidated financial statements of Sigma-Aldrich Corporation can be obtained from 3050 Spruce Street, St Louis, Missouri 63103, USA.

21 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members or investees of the group headed Sigma-Aldrich Corporation on the grounds that at least 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.