

MAWDSLEY-BROOKS & COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

Company Registration Number 44701

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MAWDSLEY-BROOKS & COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

CONTENTS	PAGES
Officers and professional advisers	1
Chairman's statement	2 to 3
The directors' report	4 to 6
Independent auditors' report to the members	7 to 8
Consolidated profit and loss account	9
Consolidated balance sheet	10
Company balance sheet	11
Consolidated cash flow statement	12
Notes to the financial statements	13 to 27

MAWDSLEY-BROOKS & COMPANY LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 MARCH 2009

The board of directors	Mrs C P Currimjee Mrs G Sanderson-Watts Dr J Mawdsley Mrs S P Westall Mr G Kennedy Mr I C Brownlee Mr J Davies Mrs J Ellison Mr D L Taylor (Chairman) Mr D Belcher Mr P McAllister Mrs K Birchall
Company secretary	Mrs J Ellison
Registered office	3 South Langworthy Road PO Box 18 Salford M50 2PW
Auditors	Tenon Audit Limited Registered Auditor Sumner House St Thomas's Road Chorley Lancashire PR7 1HP
Bankers	The Royal Bank of Scotland plc 38 Mosley Street Manchester M2 2FB

MAWDSLEY-BROOKS & COMPANY LIMITED

CHAIRMAN'S STATEMENT

YEAR ENDED 31 MARCH 2009

I am delighted to report another excellent year for the Group, this representing the 7th successive year in which the Group increased profits. Whilst Turnover for the year increased by 4% to £302 million, Operating profit has increased from £4.38 million to £4.76 million. This represents a significant improvement of over 8%. Lower interest charges mean that pre-tax profits increase by 19% to £3.6 million.

I reported in my statement for the year ended 31 March 2007 that Pfizer had commenced a new distribution model which had only one distributor. In my statement for the year ended 31 March 2008 I noted this attrition continued with Novartis, Janssen Cilag, Napp and AstraZeneca introducing similar schemes. During the past year the momentum has continued with Glaxo, Sanofi Aventis and others reducing the number of distributors – all of which have excluded Mawdsley-Brooks. This trend is continuing during the current year.

It is evident that there is no benefit for Pharmacists with these new systems – indeed there appears to be considerable aggravation with the complexity and multiplicity of these arrangements. Although the Group provides systems to help Pharmacists navigate these changing distribution systems, the turnover from them is no longer available to the Group and this makes the performance for the year even more creditable.

As I have reported in previous statements, diversification has enabled us to make progress and we have made further acquisitions in the Midlands with National Generics and Scotland with Eclipse Generics. This has extended our coverage of the UK and both are operating profitably. With more than 85% of all NHS prescriptions now written using generic drug names, the usage of generic products is set to continue to rise as more large volume drugs lose patent protection and, at the same time, Treasury pressure on the Department of Health to reduce drug costs becomes intense. The Group has taken a view that this trend will continue in the medium to long term and, as result, has expanded its share of the generic market through organic growth and acquisitions.

We continue to diversify our activities to make use of the storage and distribution capabilities of the Group and to build on the knowledge base of Group employees. In particular the Group supplies specialist distribution services which combine these two strengths and provides profit growth in excess of that lost from reduced full-line wholesale activities.

Despite the difficulties of the full-line pharmaceutical wholesale market, all other parts of the Group have made significant progress, particularly the integration and development of DE Pharmaceuticals. It is also pleasing to note that the extended range of services provided by the Group to Hospitals is showing good progress and differentiates us from other wholesalers.

Despite the turmoil in the Banking sector, the Group has enjoyed excellent support from its bankers in developing the business and is robustly financed to meet the Group's future needs.

At the Annual General Meeting in October I will be retiring after 9 years as Chairman. It has been a pleasure working both with the family and the executive members of the team. We are indeed fortunate to have such a competent and enthusiastic team whom I am sure will continue to take the Group forward.

With effect from October 2009 Dr. John Mawdsley, a member of the family, will assume responsibility as non-executive Chairman. His experience and knowledge of the industry will place him in good stead and I am confident he will enhance the Group's leading position in the industry. I wish him and the team every success and thank them all for the opportunity afforded me in assuming this role during the last 9 years.

I have mentioned the threats that face the business but, as in previous years, new profit streams will continue to enhance the profitability of the Group and I am delighted to inform shareholders that trading so far this year is satisfactory.

MAWDSLEY-BROOKS & COMPANY LIMITED

CHAIRMAN'S STATEMENT

YEAR ENDED 31 MARCH 2009

Finally not only would I like to thank the Directors for their contribution but also all the staff who are to be commended on their hard work which has enabled me to present such encouraging results.

David Taylor

David Taylor
Chairman

Date: 7/9/09.

MAWDSLEY-BROOKS & COMPANY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2009

The directors present their report together with financial statements for the year ended 31 March 2009.

Principal activities and business review

The principal activity of the group and company continued to be pharmaceutical wholesaling.

A review of the business is given in the Chairman's Statement on page 2, which should be read as part of this report.

The directors plan to continue with the management policies which have led to the satisfactory result achieved in the year.

Results and dividends

The profit on ordinary activities of the group after taxation and share of minority interests amounted to £2,465,000 (2008: £2,364,000).

Financial risk management objectives and policies

The group finances its operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programmes through bank borrowings.

The management's objectives are to:

- Retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds; and
- Minimise the group's exposure to fluctuating interest rates when seeking new borrowings; and
- Match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the group's trading activities.

Hedge accounting is not used by the group or company.

Where appropriate, funds are invested in bank deposit accounts and borrowings are all obtained from standard bank loan accounts. As such, there is little price risk exposure.

Directors

The directors who served during the year were as follows:

Mrs C P Currimjee
Mrs G Sanderson-Watts
Dr J Mawdsley
Mrs S P Westall
Mr G Kennedy
Mr I C Brownlee
Mr J Davies
Mrs J Ellison
Mr D L Taylor
Mr D Belcher
Mr P McAllister
Mrs K Birchall

MAWDSLEY-BROOKS & COMPANY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2009

Directors' responsibilities

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 of the group 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, 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 and group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- There is no relevant audit information of which the group's auditors are unaware; and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

MAWDSLEY-BROOKS & COMPANY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2009

Employees

The group recognises its responsibilities towards disabled persons and gives full and fair consideration to applicants in positions suited to their own particular abilities where appropriate openings exist. Where employees become disabled in the course of their employment, every effort is made to provide them with continued employment.

During the year management has had a policy of providing employees with information about the group. Regular meetings are held between management and employees to allow a free flow of information and ideas.

The group aims to achieve a shared commitment from employees to the success of the business of which they are employees.

Auditors

Tenon Audit Limited are deemed to be re-appointed under Section 487(2) of the Companies Act 2006.

Signed on behalf of the directors



Mrs J Ellison
Company Secretary

Approved by the directors on ^(DATE) 7 September 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAWDSLEY-BROOKS & COMPANY LIMITED

YEAR ENDED 31 MARCH 2009

We have audited the financial statements of Mawdsley-Brooks & Company Limited for the year ended 31 March 2009 on pages 9 to 27 which have been prepared under the historical cost convention and 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 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 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 described in the statement of directors' responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 and Chairman's Statement is consistent with the financial statements. In addition we report to you 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 other transactions are not disclosed.

We read the Director's Report and Chairman's Statement and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group and 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
MAWDSLEY-BROOKS & COMPANY LIMITED**

YEAR ENDED 31 MARCH 2009

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the group and company as at 31 March 2009 and of the group's profit for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report and Chairman's statement is consistent with the financial statements.

Tenon Audit Limited

Tenon Audit Limited
Registered Auditor
Sumner House
St Thomas's Road
Chorley
Lancashire
PR7 1HP

Date: *15 September 2009*

MAWDSLEY-BROOKS & COMPANY LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2009

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Turnover	2				
- Continuing operations		301,765		275,860	
- Acquisitions		<u>682</u>		<u>14,023</u>	
			302,447		289,883
Cost of sales	3		<u>(268,455)</u>		<u>(261,783)</u>
Gross profit			33,992		28,100
Distribution and selling costs	3		(22,338)		(17,700)
Administrative expenses			<u>(6,892)</u>		<u>(6,020)</u>
Operating profit	4				
- Continuing operations		4,809		4,163	
- Acquisitions		<u>(47)</u>		<u>217</u>	
			4,762		4,380
Interest payable	5		<u>(1,154)</u>		<u>(1,352)</u>
Profit on ordinary activities before tax			3,608		3,028
Taxation	7		<u>(1,143)</u>		<u>(664)</u>
Profit on ordinary activities after tax for the financial year	18		<u>2,465</u>		<u>2,364</u>

There were no recognised gains or losses other than the result for the financial year.

All figures in the profit and loss account relate to new and continuing operations.

The notes on pages 13 to 27 form part of these financial statements

MAWDSLEY-BROOKS & COMPANY LIMITED

CONSOLIDATED BALANCE SHEET

31 MARCH 2009

		2009		2008	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9		8,350		7,916
Tangible assets	10		7,282		6,892
			<u>15,632</u>		<u>14,808</u>
Current assets					
Stocks	12	20,954		20,835	
Debtors	13	40,501		41,485	
Cash at bank and in hand		6		5	
		<u>61,461</u>		<u>62,325</u>	
Creditors: amounts falling due within one year	14	<u>(56,781)</u>		<u>(58,728)</u>	
Net current assets			<u>4,680</u>		<u>3,597</u>
Total assets less current liabilities			20,312		18,405
Creditors: amounts falling due after more than one year	15		(396)		(583)
Provisions for liabilities and charges					
Deferred taxation	16		(295)		(149)
Deferred income			<u>(456)</u>		<u>(467)</u>
			<u>19,165</u>		<u>17,206</u>
Capital and reserves					
Called-up share capital	17		3,139		3,138
Share premium account	18		42		42
Capital redemption reserve	18		4		4
Profit and loss account	18		15,998		14,040
Shareholders' funds	19		<u>19,183</u>		<u>17,224</u>
Minority interests			<u>(18)</u>		<u>(18)</u>
			<u>19,165</u>		<u>17,206</u>

These financial statements were approved by the directors on ^(date) 7 September 2009 and are signed on their behalf by:

S. Westall

Mrs S P Westall
Director

Mr I C Brownlee

Mr I C Brownlee
Director

The notes on pages 13 to 27 form part of these financial statements.

MAWDSLEY-BROOKS & COMPANY LIMITED

COMPANY BALANCE SHEET

31 MARCH 2009

		2009		2008	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9		19		25
Tangible assets	10		5,767		5,704
Investments	11		3,325		2,775
			<u>9,111</u>		<u>8,504</u>
Current assets					
Stocks	12	9,539		10,000	
Debtors	13	25,635		33,495	
Cash at bank and in hand		6,284		-	
		<u>41,458</u>		<u>43,495</u>	
Creditors: amounts falling due within one year	14	<u>(34,441)</u>		<u>(36,056)</u>	
Net current assets			<u>7,017</u>		<u>7,439</u>
Total assets less current liabilities			16,128		15,943
Creditors: amounts falling due after more than one year	15		(321)		(442)
Provisions for liabilities and charges					
Deferred taxation	16		(479)		(527)
			<u>15,328</u>		<u>14,974</u>
Capital and reserves					
Called-up share capital	17		3,139		3,138
Share premium account	18		42		42
Capital redemption reserve	18		4		4
Profit and loss account	18		12,143		11,790
Shareholders' funds			<u>15,328</u>		<u>14,974</u>

These financial statements were approved by the directors on ^(Date) 1 September 2009 and are signed on their behalf by:

S. Westall

Mrs S P Westall
Director

Jan C Brownlee

Mr I C Brownlee
Director

The notes on pages 13 to 27 form part of these financial statements.

MAWDSLEY-BROOKS & COMPANY LIMITED

CONSOLIDATED CASH FLOW STATEMENT

31 MARCH 2009

	Note	2009 £'000	2008 £'000
Net cash inflow/(outflow) from operating activities	20	10,193	(6,875)
Returns on investments and servicing of finance			
Interest paid		(1,132)	(1,328)
Interest element of payments under finance leases and hire purchase agreements		<u>(22)</u>	<u>(24)</u>
Net cash outflow from returns on investments and servicing of finance		(1,154)	(1,352)
Taxation		(1,006)	(1,197)
Capital expenditure			
Purchase of tangible fixed assets		(1,472)	(922)
Purchase of intangible fixed assets		(271)	(257)
Proceeds from the sale of tangible fixed assets		<u>74</u>	<u>115</u>
Net cash outflow from capital expenditure		(1,669)	(1,064)
Acquisitions and disposals			
Acquisition of subsidiary undertakings		(550)	(676)
Acquisition of trade and assets		<u>(382)</u>	<u>-</u>
Net cash outflow from acquisitions		(932)	(676)
Equity dividends paid		<u>(556)</u>	<u>(493)</u>
Net cash inflow/(outflow) before financing		4,876	(11,657)
Financing			
Issue of Share Capital		1	1
Debt due within one year		(900)	(844)
Capital element of payments under finance leases and hire purchase agreements		<u>(168)</u>	<u>(73)</u>
Net cash outflow from financing		(1,067)	(916)
Increase/(decrease) in cash	21	<u>3,809</u>	<u>(12,573)</u>

The notes on pages 13 to 27 form part of these financial statements.

MAWDSLEY-BROOKS & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

1. Principal accounting policies

Accounting convention

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

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings. Results of subsidiaries acquired during the year are consolidated from their date of acquisition using the acquisition method of accounting, assets and liabilities being recorded at fair value. Goodwill arising on consolidation is written off over its expected useful economic life. Profits arising on trading between the group companies are eliminated on consolidation.

The company is exempt from the requirement to present its own profit and loss account under the provisions of Section 230 of the Companies Act 1985. The profit for the year with in the company's own accounts is shown in note 18.

Turnover

Turnover is the total amount receivable by the group for goods supplied and services provided excluding VAT, trade discounts and agency sales.

Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation. Amortisation is provided so as to write off the cost of the assets over their expected useful economic lives. The principal annual rates used under the straight line method are:

Computer development costs	12.5%
Licences	over the period of the licence
Goodwill	5%

Depreciation

Depreciation is provided on tangible fixed assets, at annual rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Building improvements	4% straight line
Long leasehold buildings	2% straight line
Computer equipment	20% straight line
Fixtures and fittings	15% reducing balance
Motor vehicles	25% reducing balance
Plant and machinery	15% reducing balance

Computer equipment hired to customers is written off over the period of hire.

Fixed asset investments

Fixed asset investments are stated at cost, less amounts written off.

MAWDSLEY-BROOKS & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

1. Principal accounting policies *(continued)*

Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure in respect of the purchase of stock items.

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

The profit and loss accounts and balance sheets of overseas subsidiary undertakings are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange adjustments arising from the translation of opening balance sheets are taken to reserves.

Contributions to pension funds

Defined benefit scheme

The pension costs charged against profits are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme, so as to ensure that the regular pension costs represents a substantially level percentage of the current and expected future pensionable payroll. Variations from regular cost are spread over the average service lives of current employees in the scheme.

MAWDSLEY-BROOKS & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

1. Principal accounting policies *(continued)*

Group personal pension plan

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Financial Instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

2. Turnover

The turnover is attributable to the principal activity of the group and all arises in the EU.

3. Analysis of operations continuing and acquired

2009	Continuing £'000	Acquisition £'000	Total £'000
Cost of sales	267,842	613	268,455
Distribution and selling costs	22,231	107	22,338
Administrative expenses	6,883	9	6,892
2008			
Cost of sales	249,465	12,318	261,783
Distribution and selling costs	16,723	977	17,700
Administrative expenses	5,508	512	6,020

4. Operating profit

The profit on ordinary activities before taxation is stated after charging/(crediting):	Group 2009 £'000	Group 2008 £'000
Depreciation		
- owned assets	801	893
- assets held under financing arrangements	287	156
Amortisation of licences	291	184
Amortisation of goodwill	485	336
Loss on sale of tangible fixed assets	23	25
Auditors' remuneration		
- audit services	47	38
- non audit services (tax)	8	8
Operating lease rentals		
- land and buildings	966	817
- plant and machinery	754	732

MAWDSLEY-BROOKS & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

5. Interest payable

	Group 2009 £'000	<i>Group 2008 £'000</i>
Interest payable on bank borrowings	1,132	1,328
Hire purchase interest	22	24
	<u>1,154</u>	<u>1,352</u>

6. Directors and employees

Staff costs during the year were as follows:	Group 2009 £'000	<i>Group 2008 £'000</i>
Wages and salaries	15,158	12,049
Social security costs	1,304	1,050
Pension costs	544	375
	<u>17,006</u>	<u>13,474</u>

The average number of employees during the year was:

	2009 Number	<i>2008 Number</i>
Office and management	56	50
Sales and distribution	661	631
	<u>717</u>	<u>681</u>

Remuneration in respect of directors was as follows:

	2009 £'000	<i>2008 £'000</i>
Emoluments	1,855	1,737
Payments to defined contribution and defined benefit pension schemes	285	254
	<u>2,140</u>	<u>1,991</u>

Remuneration in respect of the highest paid director was as follows:

	2009 £'000	<i>2008 £'000</i>
Emoluments	419	327
Payments to defined contribution and defined benefit pension schemes	105	95
	<u>524</u>	<u>422</u>

MAWDSLEY-BROOKS & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

6. Directors and employees *(continued)*

The number of directors accruing retirement benefits was as follows:

	2009 Number	2008 Number
Defined contribution pension schemes	6	6
Defined benefit pension scheme	2	2
	<u>8</u>	<u>8</u>

Pension scheme

The group has made payments totalling £544,000 (2008: £375,000) to the group's pension schemes for the benefit of employees and directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

7. Tax on profit on ordinary activities

	2009 £'000	2008 £'000
Based on the profit for the year:		
UK corporation tax at 28% (2008: 30%)		
- Current year	910	835
- Adjustments in respect of prior years	92	-
	<u>1,002</u>	<u>835</u>
Deferred taxation		
- Current year	141	(171)
	<u>1,143</u>	<u>664</u>

Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom of 28% (2008: 30%). The differences are explained as follows:

	2009 £'000	2008 £'000
Profit on ordinary activities before taxation	<u>3,608</u>	<u>3,028</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 28% (2008: 30%)	1,010	908
Effect of:		
Expenses not deductible for tax purposes	176	15
Difference between capital allowances for the period in excess of depreciation	68	68
Trade losses utilised	(199)	(275)
Tax losses created	-	83
Capital gains	-	36
Tax chargeable at lower rates	(145)	-
Adjustments in respect of prior years	92	-
	<u>1,002</u>	<u>835</u>

Factors affecting future tax charge

The group has tax losses available of £671,000 (2008: £1,390,000) to carry forward.

MAWDSLEY-BROOKS & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

8. Dividends

	2009 £'000	2008 £'000
Interim dividend paid – 7.88p (2008: 7.88p) per share on ordinary shares, 23.4p (2008: 18.10p) per share on ordinary "A" shares	<u>556</u>	<u>493</u>

9. Intangible fixed assets

Group	Computer development costs £'000	Patents and trade marks £'000	Licences £'000	Goodwill £'000	Total £'000
Cost					
At 1 April 2008	30	1	1,743	9,030	10,804
Additions	-	-	271	917	1,188
Foreign exchange movement	-	-	-	22	22
At 31 March 2009	<u>30</u>	<u>1</u>	<u>2,014</u>	<u>9,969</u>	<u>12,014</u>
Amortisation					
At 1 April 2008	6	-	599	2,283	2,888
Provided in the year	6	-	285	485	776
At 31 March 2009	<u>12</u>	<u>-</u>	<u>884</u>	<u>2,768</u>	<u>3,664</u>
Net book amount					
At 31 March 2009	<u>18</u>	<u>1</u>	<u>1,130</u>	<u>7,201</u>	<u>8,350</u>
Net book amount					
At 31 March 2008	<u>24</u>	<u>1</u>	<u>1,144</u>	<u>6,747</u>	<u>7,916</u>
Company					
	Computer development costs £'000	Patents and trade marks £'000	Total £'000		
Cost					
At 1 April 2008	30	1	31		
At 31 March 2009	<u>30</u>	<u>1</u>	<u>31</u>		
Amortisation					
At 1 April 2008	6	-	6		
Provided in the year	6	-	6		
At 31 March 2009	<u>12</u>	<u>-</u>	<u>12</u>		
Net book amount					
At 31 March 2009	<u>18</u>	<u>1</u>	<u>19</u>		
Net book amount					
At 31 March 2008	<u>24</u>	<u>1</u>	<u>25</u>		

MAWDSLEY-BROOKS & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

10. Tangible fixed assets

Group	Building improve- ments £'000	Long leasehold land and buildings £'000	Plant and machinery £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost							
At 1 April 2008	1,639	2,750	1,843	3,116	2,317	1,209	12,874
Additions	130	6	50	563	517	310	1,576
Disposals	(106)	-	-	(123)	(10)	(175)	(414)
At 31 March 2009	<u>1,663</u>	<u>2,756</u>	<u>1,893</u>	<u>3,556</u>	<u>2,824</u>	<u>1,344</u>	<u>14,036</u>
Depreciation							
At 1 April 2008	454	372	1,127	2,045	1,516	468	5,982
Charge for the year	85	43	110	469	151	230	1,088
Eliminated on disposal	(102)	-	-	(100)	(6)	(108)	(316)
At 31 March 2009	<u>437</u>	<u>415</u>	<u>1,237</u>	<u>2,414</u>	<u>1,661</u>	<u>590</u>	<u>6,754</u>
Net book amount							
At 31 March 2009	<u>1,226</u>	<u>2,341</u>	<u>656</u>	<u>1,142</u>	<u>1,163</u>	<u>754</u>	<u>7,282</u>
Net book amount							
At 31 March 2008	<u>1,185</u>	<u>2,378</u>	<u>716</u>	<u>1,071</u>	<u>801</u>	<u>741</u>	<u>6,892</u>

The net book value of tangible fixed assets includes an amount of £1,503,000 (2008: £1,358,000) in respect of assets held under financing arrangements. The depreciation charged on these assets during the year was £ 287,000 (2008: £156,000).

The net book value of tangible fixed assets includes an amount of £550,000 (2008: £452,000) which are on hire with customers.

MAWDSLEY-BROOKS & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

10. Tangible fixed assets (continued)

Company	Building improve- ments £'000	Long leasehold land and buildings £'000	Plant and machinery £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost							
At 1 April 2008	1,381	2,749	1,783	1,979	1,920	967	10,779
Additions	15	6	8	182	354	179	744
Disposals	-	-	-	-	-	(157)	(157)
At 31 March 2009	<u>1,396</u>	<u>2,755</u>	<u>1,791</u>	<u>2,161</u>	<u>2,274</u>	<u>989</u>	<u>11,366</u>
Depreciation							
At 1 April 2008	317	372	1,078	1,539	1,391	378	5,075
Charge for the year	56	42	108	155	93	165	619
Eliminated on disposal	-	-	-	-	-	(95)	(95)
At 31 March 2009	<u>373</u>	<u>414</u>	<u>1,186</u>	<u>1,694</u>	<u>1,484</u>	<u>448</u>	<u>5,599</u>
Net book amount							
At 31 March 2009	<u>1,023</u>	<u>2,341</u>	<u>605</u>	<u>467</u>	<u>790</u>	<u>541</u>	<u>5,767</u>
Net book amount <i>At 31 March 2008</i>	<u>1,064</u>	<u>2,377</u>	<u>705</u>	<u>440</u>	<u>529</u>	<u>589</u>	<u>5,704</u>

The net book value of tangible fixed assets includes an amount of £1,453,000 (2008: £1,144,502) in respect of assets held under financing arrangements. The depreciation charged on these assets during the year was £243,000 (2008: £122,000).

11. Investments

Cost and net book value	Subsidiary undertakings £'000	Other investments £'000	Total £'000
At 1 April 2008	2,774	1	2,775
Additions (note 29)	550	-	550
At 31 March 2009	<u>3,324</u>	<u>1</u>	<u>3,325</u>

The company's significant subsidiary undertakings at 31 March 2009 were:

Name of subsidiary	Nature of business	Proportion and class of share held	
Doncaster Pharmaceuticals Group Limited	Pharmaceutical wholesalers	Ordinary shares	100%
Positive Solutions Limited	Supply of Computer systems	Ordinary shares	100%
Calmband Limited	Holding Company	Ordinary shares	100%
Testerworld Limited	Pharmaceutical wholesalers	Ordinary shares	100%
Eclipse Generics Limited	Pharmaceutical wholesalers	Ordinary shares	100%

All of the subsidiaries were incorporated in the United Kingdom.

The company's voting rights in respect of each subsidiary undertaking are held in the same proportion of the company's share of the ordinary share capital of the subsidiary.

MAWDSLEY-BROOKS & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

12. Stocks

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Goods for resale	20,591	20,595	9,440	9,899
Consumables	363	240	99	101
	<u>20,954</u>	<u>20,835</u>	<u>9,539</u>	<u>10,000</u>

13. Debtors

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Trade debtors	37,679	38,881	20,730	23,778
Other debtors	1,526	1,557	176	183
Prepayments	1,296	1,047	531	472
Amounts due from subsidiary undertakings	-	-	4,198	9,062
	<u>40,501</u>	<u>41,485</u>	<u>25,635</u>	<u>33,495</u>

14. Creditors: amounts falling due within one year

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Bank loans and overdrafts	10,174	13,561	105	1,363
Obligations under financing arrangements	78	211	20	114
Trade creditors	39,969	40,068	31,161	31,801
Corporation tax	532	537	105	320
Other taxes and social security	2,554	2,012	1,135	1,253
Other creditors	290	161	289	161
Accruals	3,184	2,178	1,626	1,044
	<u>56,781</u>	<u>58,728</u>	<u>34,441</u>	<u>36,056</u>

The bank loans and overdrafts are secured by a debenture over the assets of each company in the group.

Obligations under financing arrangements are secured over the assets concerned.

MAWDSLEY-BROOKS & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

15. Creditors: amounts falling due after more than one year

	Group 2009 £'000	<i>Group 2008 £'000</i>	Company 2009 £'000	<i>Company 2008 £'000</i>
Bank loan	222	408	193	314
Obligations under financing arrangements	174	175	128	128
	<u>396</u>	<u>583</u>	<u>321</u>	<u>442</u>

Analysis of borrowings by year of repayment

	Group 2009 £'000	<i>Group 2008 £'000</i>	Company 2009 £'000	<i>Company 2008 £'000</i>
Obligations under financing arrangements were repayable as follows:				
Within one year	78	211	20	114
Between one and two years	174	175	128	128
	<u>252</u>	<u>386</u>	<u>148</u>	<u>242</u>

Obligations under financing arrangements are secured over the assets concerned.

The bank loans and overdrafts are secured and are repayable as follows:

	Group 2009 £'000	<i>Group 2008 £'000</i>	Company 2009 £'000	<i>Company 2008 £'000</i>
Within one year	10,174	13,561	105	1,363
Between one and two years	134	246	105	210
Between two and five years	88	162	88	104
	<u>10,396</u>	<u>13,969</u>	<u>298</u>	<u>1,677</u>

The bank loans are secured by a debenture over certain assets of the group.

Loans over 5 years are repayable in quarterly instalments until 2014. Interest is charged at 1.5% above base rate.

16. Deferred taxation

Deferred taxation provided for in the financial statements is set out below. The amount provided is calculated using a tax rate of 28% (2008: 28%).

	Group 2009 £'000	<i>Group 2008 £'000</i>	Company 2009 £'000	<i>Company 2008 £'000</i>
Amount provided				
Accelerated capital allowances	479	538	479	527
Tax losses	(184)	(389)	-	-
	<u>295</u>	<u>149</u>	<u>479</u>	<u>527</u>

MAWDSLEY-BROOKS & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

16. Deferred taxation *(continued)*

The movement on the provision for deferred taxation was as follows:

	Group £'000	Company £'000
At 1 April 2008	149	527
Charge to profit and loss account	146	(48)
At 31 March 2009	<u>295</u>	<u>479</u>

17. Share capital

	2009 £'000	2008 £'000
Authorised		
1,442,960 Ordinary shares of £1 each	1,443	1,443
2,430,000 Ordinary "A" shares of £1 each	2,430	2,430
264,800 Ordinary "B" shares of £1 each	265	265
500,000 Ordinary "C" shares of 1p each	5	5
Total	<u>4,143</u>	<u>4,143</u>
Allotted, called up and full paid		
554,880 Ordinary shares of £1 each	555	555
2,317,440 Ordinary "A" shares of £1 each	2,317	2,317
264,800 Ordinary "B" shares of £1 each	265	265
145,000 (2008: 70,000) Ordinary "C" shares of 1p each	2	1
	<u>3,139</u>	<u>3,138</u>

During the year the company has issued 75,000 Ordinary "C" shares of 1p each at nominal value.

MAWDSLEY-BROOKS & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

18. Reserves

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000
Group			
At 1 April 2008	42	4	14,040
Profit for financial year	-	-	2,465
Dividends (note 8)	-	-	(556)
Foreign exchange	-	-	49
At 31 March 2009	<u>42</u>	<u>4</u>	<u>15,998</u>

The profit for the financial year is dealt with in the financial statements of:

	2009 £'000	2008 £'000
The company	909	1,095
Subsidiary undertakings	2,041	1,635
Goodwill amortisation	(485)	(366)
	<u>2,465</u>	<u>2,364</u>

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000
Company			
At 1 April 2008	42	4	11,790
Profit for financial year	-	-	909
Dividends (note 8)	-	-	(556)
At 31 March 2009	<u>42</u>	<u>4</u>	<u>12,143</u>

19. Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Profit for the financial year	2,465	2,364
Dividends	(556)	(493)
Foreign exchange	49	(10)
Shares issued	1	1
Net increase in shareholders' funds	<u>1,959</u>	<u>1,862</u>
Opening shareholders' funds	17,224	15,362
Closing shareholders' funds	<u>19,183</u>	<u>17,224</u>

MAWDSLEY-BROOKS & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

20. Reconciliation of operating profit to operating cash flows

	2009	2008
	£'000	£'000
Operating profit	4,762	4,380
Depreciation and amortisation charges	1,864	1,611
Loss on disposal of fixed assets	23	25
Decrease in stocks	425	486
Decrease in debtors	2,655	3,665
Increase/(decrease) in creditors and deferred income	464	(17,042)
Net cash inflow/(outflow) from operating activities	<u>10,193</u>	<u>(6,875)</u>

21. Analysis of changes in net debt

	At 1 April 2008 £'000	Cashflows £'000	Other non cash movements £'000	Acquired with subsidiary £'000	At 31 March 2009 £'000
Cash at bank and in hand	5	1	-	-	6
Overdraft	(12,742)	3,808	-	(1,135)	(10,069)
	<u>(12,737)</u>	<u>3,809</u>	<u>-</u>	<u>(1,135)</u>	<u>(10,063)</u>
Debt due within one year	(819)	819	(105)	-	(105)
Debt due after one year	(408)	81	105	-	(222)
Finance leases and hire purchase agreements	(386)	168	(34)	-	(252)
	<u>(1,613)</u>	<u>1,068</u>	<u>(34)</u>	<u>-</u>	<u>(579)</u>
	<u>(14,350)</u>	<u>4,877</u>	<u>(34)</u>	<u>(1,135)</u>	<u>(10,642)</u>

22. Reconciliation of net cash flow to movement in net debt

	2009	2008
	£'000	£'000
Increase/(decrease) in cash in the year	3,809	(12,573)
Cash outflow from financing	1,068	917
	<u>4,877</u>	<u>(11,656)</u>
Other non-cash items	(34)	(83)
Acquired with subsidiary	(1,135)	(983)
Movement in net debt in the year	<u>3,708</u>	<u>(12,722)</u>
Net debt at 1 April 2008	<u>(14,350)</u>	<u>(1,628)</u>
Net debt at 31 March 2009	<u>(10,642)</u>	<u>(14,350)</u>

MAWDSLEY-BROOKS & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

23. Commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the next financial year.

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Leases of land and buildings which expire:				
Between one and five years	132	145	28	55
After five years	834	719	638	600
	<u>966</u>	<u>864</u>	<u>666</u>	<u>655</u>
Leases of other assets which expire:				
Within one year	41	47	38	38
Between one and five years	6	-	-	-
	<u>47</u>	<u>47</u>	<u>38</u>	<u>38</u>

24. Commitments

At 31 March 2009 the group was committed to purchase foreign exchange contracts totalling £nil (2008: £nil).

25. Derivatives

The group has no material financial instruments that fall to be disclosed as derivatives.

26. Contingent liabilities

The group has given guarantees to The Royal Bank of Scotland plc, National Westminster plc and Lloyds TSB plc amounting to £8,479,000 (2008: £14,224,000) against the overdrafts and loans of some of its customers.

The company has guaranteed the bank overdraft of its subsidiaries, Doncaster Pharmaceuticals Group Limited, Positive Solutions Limited, Calmband Limited and Testerworld Limited which amounted to £10m (2008: £12 m) at the year end.

27. Pensions

Defined benefit scheme

The group operates a defined benefit scheme for the benefit of certain employees. The scheme provides a lump sum on retirement based on a proportion of all pensionable earnings whilst employed by the company or a pension also based on a proportion of all pensionable earnings. The assets of the scheme are administered by trustees in a fund independent from those of the group.

Pension costs are assessed in accordance with the advice of a qualified actuary. The most recent valuation was as at 31 March 2008.

The market value of scheme assets as at 31 March 2008 was £1,085,434. The actuarial value of those assets was sufficient to cover 101% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The group's actuaries have confirmed that the company and its subsidiary undertakings need to make contributions of 19.8% of the pensionable salaries of the active pension benefit members.

MAWDSLEY-BROOKS & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

27. Pensions (continued)

The directors do not consider the impact of FRS 17 to be material to the group accounts and have not therefore made the FRS 17 disclosures.

Group personal pension plan

The group also makes payments into a group personal pension scheme for all eligible employees and into personal pension schemes for directors.

28. Related party transactions

Mawdsley-Brooks & Company Limited is the parent undertaking of Calmband Limited, Testerworld Limited, Doncaster Pharmaceuticals Group Limited, Eclipse Generics Limited and Positive Solutions Limited. Under the disclosure requirements of Financial Reporting Standard 8 – Related Party Disclosures, the company is exempt from the requirement to disclose transactions with other members of the group.

29. Acquisition

On 5 March 2009 the company acquired the entire share capital of Eclipse Generics Limited.

	Net assets acquired £'000	Fair value adjustments of assets acquired £'000	Fair value of assets acquired £'000
The fair value of the assets acquired were as follows:			
Fixed assets	69	-	69
Stock	544	-	544
Debtors	1,671	-	1,671
Creditors (incl overdraft)	(2,270)	-	(2,270)
	<u>14</u>	<u>-</u>	<u>14</u>
Fair value of consideration - cash			<u>310</u>
Goodwill on acquisition			<u>296</u>

In respect of this acquisition there is a period of contingent consideration which concludes on 31 March 2011.

In addition the company paid additional consideration in respect of the acquisition of Calmband Limited during 2008 of £240,000. The deferred consideration period in respect of this acquisition concludes on 31 March 2010.

30. Control

The directors consider there to be no controlling party.