

**Report of the Directors and  
Audited Financial Statements for the year ended 31 July 2009  
for  
Cox and Robinson (Chemists) Limited**

**SATURDAY**



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**COMPANIES HOUSE**

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for the year ended 31 July 2009**

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**Cox and Robinson (Chemists) Limited**

**Company Information  
for the year ended 31 July 2009**

**DIRECTORS:**

A J Britton  
A T Evans  
S M Allan  
Mrs C M Freeman

**SECRETARY:**

Mrs J C Powell

**REGISTERED OFFICE:**

Phoenix House  
1 Market Square  
Stony Stratford  
Milton Keynes  
Buckinghamshire  
MK11 1BE

**REGISTERED NUMBER:**

00316674 (England and Wales)

**AUDITORS:**

Royston Parkin  
Chartered Certified Accountants  
& Registered Auditors  
95 Queen Street  
Sheffield  
South Yorkshire  
S1 1WG

**Report of the Directors  
for the year ended 31 July 2009**

The directors present their report with the financial statements of the company for the year ended 31 July 2009.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the provision of community pharmacy services.

**REVIEW OF BUSINESS**

The year has been a satisfactory one and the directors expect this to continue in the coming year despite ongoing changes in the regulatory framework affecting pharmacies.

Continuing growth is dependent upon the overall market for Health Services within this country.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 July 2009.

**FUTURE DEVELOPMENTS**

The company is expecting to have a similar gross profit percentage over the coming year, and is to continue its strategy to expand its activities through both acquisition and by internal means.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 August 2008 to the date of this report.

A J Britton  
A T Evans  
S M Allan  
Mrs C M Freeman

**COMPANY'S POLICY ON PAYMENT OF CREDITORS**

It is the company's policy to pay all trade creditors based on the credit terms agreed upon purchase of the goods. The company also reviews its suppliers to ensure only reputable companies are dealt with.

**Report of the Directors  
for the year ended 31 July 2009**

**FINANCIAL INSTRUMENTS**

The company's principal financial instruments comprise bank balances, trade creditors, trade debtors and loans from the company. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance to enable the continued day to day running of the business. The company makes use of the money market facilities where funds are available.

In respect of loans these are from the directors and group companies. The interest rate on these loans is based on the bank base rate adjusted as appropriate. The loans are repayable on demand.

Trade debtors are managed in respect of credit and cash flow risk by the regular monitoring of amounts outstanding for time limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the year the company made the following donations:

Charitable - £479 (2008: £600).

**RISKS & UNCERTAINTIES**

The main risks and uncertainties affecting the company relate to its reliance on government policy with regard to the future of the NHS, and further review by the Office of Fair Trading regarding competition and pricing issues.

**CLOSE COMPANY STATUS**

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

**KEY PERFORMANCE INDICATORS**

	Year Ended 31.7.09	Year Ended 31.7.08
Number of pharmacy branches	12	12
Total number of staff	181	174
Number of pharmacy refits inc. consultation areas	4	2
Turnover	16,897,642	15,620,732
Gross profit	5,024,808	4,534,516

**Report of the Directors  
for the year ended 31 July 2009**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

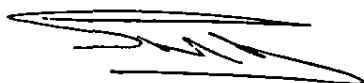
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Royston Parkin, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

S M Allan - Director



19 November 2009

**Report of the Independent Auditors to the Shareholders of  
Cox and Robinson (Chemists) Limited**

We have audited the financial statements of Cox and Robinson (Chemists) Limited for the year ended 31 July 2009 on pages six to twenty one. 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).

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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 Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

**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 July 2009 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 matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**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 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.



Mrs L C Pridmore (Senior Statutory Auditor)  
for and on behalf of Royston Parkin  
Chartered Certified Accountants  
& Registered Auditors  
95 Queen Street  
Sheffield  
South Yorkshire  
S1 1WG

19 November 2009

**Profit and Loss Account  
for the year ended 31 July 2009**

	Notes	2009 £	2008 £
<b>TURNOVER</b>		16,897,642	15,620,732
Cost of sales		11,872,834	11,086,216
<b>GROSS PROFIT</b>		5,024,808	4,534,516
Administrative expenses		4,109,526	3,655,710
		915,282	878,806
Other operating income		16,158	17,968
<b>OPERATING PROFIT</b>	3	931,440	896,774
Interest receivable and similar income		-	3,135
		931,440	899,909
Interest payable and similar charges	4	30,964	1,689
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		900,476	898,220
Tax on profit on ordinary activities	5	296,099	228,744
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		604,377	669,476

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.



**Statement of Total Recognised Gains and Losses  
for the year ended 31 July 2009**

	2009 £	2008 £
<b>PROFIT FOR THE FINANCIAL YEAR</b>	604,377	669,476
	<hr/>	<hr/>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u>604,377</u>	<u>669,476</u>

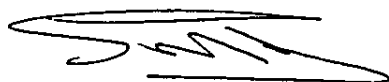
The notes form part of these financial statements

**Balance Sheet**  
**31 July 2009**

	Notes	2009 £	2008 £
<b>FIXED ASSETS</b>			
Intangible assets	6	4,534,922	4,664,193
Tangible assets	7	3,946,883	560,916
Investments	8	5,780	5,780
		<u>8,487,585</u>	<u>5,230,889</u>
<b>CURRENT ASSETS</b>			
Stocks	9	966,045	922,848
Debtors	10	1,807,533	1,616,364
Cash at bank and in hand		1,353,992	2,073,653
		<u>4,127,570</u>	<u>4,612,865</u>
<b>CREDITORS</b>			
Amounts falling due within one year	11	2,620,106	2,141,787
<b>NET CURRENT ASSETS</b>		<u>1,507,464</u>	<u>2,471,078</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>9,995,049</u>	<u>7,701,967</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	12	(1,716,994)	(149,879)
<b>PROVISIONS FOR LIABILITIES</b>	16	(149,638)	(28,048)
<b>NET ASSETS</b>		<u>8,128,417</u>	<u>7,524,040</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	150,000	150,000
NHS Contract Reserve	18	4,400,000	4,400,000
Profit and loss account	18	3,578,417	2,974,040
<b>SHAREHOLDERS' FUNDS</b>	23	<u>8,128,417</u>	<u>7,524,040</u>

The financial statements were approved by the Board of Directors on 19 November 2009 and were signed on its behalf by:

S M Allan - Director



The notes form part of these financial statements

**Cash Flow Statement  
for the year ended 31 July 2009**

	Notes	2009 £	2008 £
<b>Net cash inflow from operating activities</b>	1	1,208,130	992,212
<b>Returns on investments and servicing of finance</b>	2	(30,964)	1,446
<b>Taxation</b>		(268,740)	(391,028)
<b>Capital expenditure</b>	2	(3,580,788)	(276,670)
		(2,672,362)	325,960
<b>Financing</b>	2	1,952,701	31,448
<b>(Decrease)/Increase in cash in the period</b>		(719,661)	357,408
<hr/>			
<b>Reconciliation of net cash flow to movement in net funds</b>	3		
(Decrease)/Increase in cash in the period		(719,661)	357,408
Cash inflow from increase in debt		(1,963,328)	(149,879)
Change in net funds resulting from cash flows		(2,682,989)	207,529
<b>Movement in net funds in the period</b>		(2,682,989)	207,529
<b>Net funds at 1 August</b>		1,923,774	1,716,245
<b>Net (debt)/funds at 31 July</b>		(759,215)	1,923,774

The notes form part of these financial statements

Notes to the Cash Flow Statement  
for the year ended 31 July 2009

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2009	2008
	£	£
Operating profit	931,440	896,774
Depreciation charges	318,253	229,943
Loss/(Profit) on disposal of fixed assets	5,840	(125)
NHS Clawback	-	(45,273)
Onerous Contract	80,638	-
Increase in stocks	(43,197)	(36,312)
Increase in debtors	(194,502)	(39,387)
Increase/(Decrease) in creditors	109,658	(13,408)
<b>Net cash inflow from operating activities</b>	<b>1,208,130</b>	<b>992,212</b>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2009	2008
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	-	3,135
Interest paid	(30,964)	(1,689)
<b>Net cash (outflow)/inflow for returns on investments and servicing of finance</b>	<b>(30,964)</b>	<b>1,446</b>
<b>Capital expenditure</b>		
Purchase of intangible fixed assets	(41,000)	(3,250)
Purchase of tangible fixed assets	(3,551,426)	(286,985)
Sale of tangible fixed assets	11,638	13,565
<b>Net cash outflow for capital expenditure</b>	<b>(3,580,788)</b>	<b>(276,670)</b>
<b>Financing</b>		
New loans in year	2,100,000	-
Loan repayments in year	(136,672)	-
Amount introduced by directors	3,333	3,333
Net group balances	(13,960)	28,115
<b>Net cash inflow from financing</b>	<b>1,952,701</b>	<b>31,448</b>

Notes to the Cash Flow Statement  
for the year ended 31 July 2009

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.8.08 £	Cash flow £	At 31.7.09 £
Net cash:			
Cash at bank and in hand	2,073,653	(719,661)	1,353,992
	<u>2,073,653</u>	<u>(719,661)</u>	<u>1,353,992</u>
Debt:			
Debts falling due within one year	-	(396,213)	(396,213)
Debts falling due after one year	(149,879)	(1,567,115)	(1,716,994)
	<u>(149,879)</u>	<u>(1,963,328)</u>	<u>(2,113,207)</u>
Total	<u>1,923,774</u>	<u>(2,682,989)</u>	<u>(759,215)</u>

The notes form part of these financial statements

**Notes to the Financial Statements  
for the year ended 31 July 2009**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention.

**Preparation of consolidated financial statements**

The financial statements contain information about Cox and Robinson (Chemists) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, W R Evans (Chemist) Limited, a company registered in England.

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

**Intangible assets**

Goodwill, being the amount paid in connection with the acquisition of a businesses in 2004 and 2009, is being amortised evenly over its estimated useful life. This is considered to be between 5 and 10 years.

The directors consider NHS Contracts to be intangible assets separable from goodwill.

The NHS Contracts held by individual pharmacies are included in the accounts at valuation. These were valued for the first time in 2007 by the directors taking into account branch turnover, profitability and the external market relating to the resale values of pharmacy contracts.

The directors have reviewed the NHS Contract values and do not believe that any further revaluation is necessary.

Changes in valuation of NHS Contracts are transferred to a capital reserve. The cost of purchased contracts are capitalised at acquisition.

The value of the NHS Contract is currently regarded as not being subject to amortisation as it is not legally limited as to time. The rights to the contract continue subject to the company's professional competence and ability to service the contract.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- in accordance with the property
Fixtures and fittings	- 10% - 20% Reducing Balance
Motor vehicles	- 25% on reducing balance

**Stocks**

Stock has been valued at the lower of cost and net realisable value after adjusting for discounts received or allowable, on a first in first out basis. Cost is established by a firm of professional chemists valuers by reducing the retail value and deducting value added tax together with the profit element of each product. Net realisable value is based on the estimated selling price less any further costs expected to be incurred to disposal.

Notes to the Financial Statements - continued  
for the year ended 31 July 2009

1. ACCOUNTING POLICIES - continued

**Deferred tax**

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, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold:

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.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

2. STAFF COSTS

The aggregate payroll costs of the above were:

	Year Ended 31.7.09	Year Ended 31.7.08
Wages and salaries	2,556,357	2,424,052
Social security costs	172,469	164,679
Other pension costs	1,469	1,469
	<u>2,730,295</u>	<u>2,590,200</u>

The average monthly number of employees during the period was as follows:

Number of sales staff	174	167
Number of administrative staff	7	7
	<u>181</u>	<u>174</u>

**Notes to the Financial Statements - continued  
for the year ended 31 July 2009**

**3. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2009	2008
	£	£
Depreciation - owned assets	147,981	60,357
Loss/(Profit) on disposal of fixed assets	5,840	(125)
Goodwill amortisation	170,271	169,587
Auditors' remuneration	10,000	9,500
	<u>230,571</u>	<u>196,567</u>
Directors' remuneration	<u>230,571</u>	<u>196,567</u>

A split of non audit related remuneration paid to the auditors has not been separately disclosed in these accounts as full disclosure is made in the consolidated accounts of the groups parent company.

Information regarding the highest paid director for the year ended 31 July 2009 is as follows:

	2009
	£
Emoluments etc	<u>115,765</u>

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2009	2008
	£	£
Loan interest	30,964	-
Interest on overdue taxation	-	1,689
	<u>30,964</u>	<u>1,689</u>

**5. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2009	2008
	£	£
Current tax:		
UK corporation tax	262,398	302,000
Prior year tax adjustment	(7,251)	(50,439)
Total current tax	<u>255,147</u>	<u>251,561</u>
Deferred tax	<u>40,952</u>	<u>(22,817)</u>
Tax on profit on ordinary activities	<u>296,099</u>	<u>228,744</u>



**Notes to the Financial Statements - continued**  
**for the year ended 31 July 2009**

**5. TAXATION - continued****Factors affecting the tax charge**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2009 £	2008 £
Profit on ordinary activities before tax	900,476	898,220
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 30%)	252,133	269,466
Effects of:		
Excess of depreciation charged over capital allowances	(23,587)	(5,417)
Disallowable expenses	6,362	(1,054)
Under/over provision in earlier year	(7,251)	(50,439)
Amortisation of intangibles exceeds writing down allowance	37,563	36,818
Lease Premium deduction	(10,073)	-
Inclusion of unadjusted errors in the financial statements	-	9,264
Due to hybrid tax rate used	-	(6,868)
Rounding of provision in accounts	-	(209)
Current tax charge	255,147	251,561

**6. INTANGIBLE FIXED ASSETS**

	Goodwill £	NHS Contract £	Totals £
<b>COST</b>			
At 1 August 2008	1,672,501	4,400,000	6,072,501
Additions	41,000	-	41,000
At 31 July 2009	1,713,501	4,400,000	6,113,501
<b>AMORTISATION</b>			
At 1 August 2008	1,408,308	-	1,408,308
Amortisation for year	170,271	-	170,271
At 31 July 2009	1,578,579	-	1,578,579
<b>NET BOOK VALUE</b>			
At 31 July 2009	134,922	4,400,000	4,534,922
At 31 July 2008	264,193	4,400,000	4,664,193

**Notes to the Financial Statements - continued  
for the year ended 31 July 2009**

**7. TANGIBLE FIXED ASSETS**

	Freehold property £	Short leasehold £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 August 2008	61,886	250,833	743,810	54,012	1,110,541
Additions	-	2,930,612	614,266	6,548	3,551,426
Disposals	-	-	(39,241)	(11,149)	(50,390)
At 31 July 2009	61,886	3,181,445	1,318,835	49,411	4,611,577
<b>DEPRECIATION</b>					
At 1 August 2008	-	79,682	444,051	25,892	549,625
Charge for year	-	87,790	53,238	6,953	147,981
Eliminated on disposal	-	-	(25,594)	(7,318)	(32,912)
At 31 July 2009	-	167,472	471,695	25,527	664,694
<b>NET BOOK VALUE</b>					
At 31 July 2009	61,886	3,013,973	847,140	23,884	3,946,883
At 31 July 2008	61,886	171,151	299,759	28,120	560,916

**8. FIXED ASSET INVESTMENTS**

	Unlisted investments £
<b>COST</b>	
At 1 August 2008 and 31 July 2009	5,780
<b>NET BOOK VALUE</b>	
At 31 July 2009	5,780
At 31 July 2008	5,780

The company's investments at the balance sheet date in the share capital of companies include the following:

**Cox and Robinson Pharmacy Limited**

Nature of business: Dormant Company

	% holding
Class of shares:	
Ordinary 'A' Shares	100.00
Ordinary 'B' Shares	100.00

Notes to the Financial Statements - continued  
for the year ended 31 July 2009

9. STOCKS

	2009	2008
	£	£
Finished goods	<u>966,045</u>	<u>922,848</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£	£
Trade debtors	1,550,605	1,380,815
Other debtors	12,201	9,944
Directors' current accounts	5,556	8,889
VAT	156,959	152,199
Prepayments	82,212	64,517
	<u>1,807,533</u>	<u>1,616,364</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£	£
Bank loans and overdrafts (see note 13)	396,213	-
Trade creditors	1,337,395	1,214,769
Amounts owed to group undertakings	568,256	582,215
Tax	89,940	103,533
Social security and other taxes	44,720	43,646
Other creditors	44,457	59,975
Wages control	24,929	33,449
Accrued expenses	114,196	104,200
	<u>2,620,106</u>	<u>2,141,787</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009	2008
	£	£
Bank loans (see note 13)	1,567,115	-
Preference shares (see note 13)	149,879	149,879
	<u>1,716,994</u>	<u>149,879</u>

Notes to the Financial Statements - continued  
for the year ended 31 July 2009

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - continued

The preference shares carry a fixed dividend of 13 pence each per annum, payable half yearly in arrears on 31 January and 31 July. The dividend rights are cumulative. The preference shareholders have waived their right to a dividend this year and for the previous five years. The total amount of preference share dividend arrears at the period end was £100,188 (2008 : £89,056).

The participating shares carry a fixed dividend of 11 pence each per annum, payable half yearly in arrears on 31 January and 31 July. The participating shares also carry the right to a further dividend of a net cash sum equal to 5% of the consolidated profit of the group in excess of £200,000 per annum to include the remuneration of the holding company directors less the fixed amounts already paid. The rights are cumulative. The participating shareholders have waived their right to a dividend this year and for the previous five years. The total amount of participating share dividend arrears at the period end was £63,610 (2008 : £56,542).

The preference shares and participating shares carry no votes at meetings unless the dividend payments are six months or more in arrears, when the shares carry a right to one vote for every £1 in nominal amount of shares held.

In the event of the company being wound up the preference and participating shareholders have the right to receive £1 per share held together with any arrears of dividend. The participating shareholders also have the right to receive a distribution from the balance of the assets of the company in proportion to the amounts paid up on shares held.

13. LOANS

An analysis of the maturity of loans is given below:

	2009 £	2008 £
Amounts falling due within one year or on demand:		
Bank loans	<u>396,213</u>	<u>-</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>412,649</u>	<u>-</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>1,154,466</u>	<u>-</u>
Amounts falling due in more than five years:		
Repayable otherwise than by instalments		
Preference shares	<u>149,879</u>	<u>149,879</u>

**Notes to the Financial Statements - continued  
for the year ended 31 July 2009**

**13. LOANS - continued**

Details of shares shown as liabilities are as follows:

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2009 £	2008 £
85,630	13% Cumulative preference shares	£1	85,630	85,630
64,249	11% Cumulative convertible participating shares	£1	64,249	64,249
			<u>149,879</u>	<u>149,879</u>

**14. OPERATING LEASE COMMITMENTS**

The following operating lease payments are committed to be paid within one year:

	Land and buildings	
	2009 £	2008 £
Expiring:		
Within one year	9,500	32,600
Between one and five years	30,240	37,850
In more than five years	303,850	186,400
	<u>343,590</u>	<u>256,850</u>

**15. SECURED DEBTS**

The following secured debts are included within creditors:

	2009 £	2008 £
Bank loans	<u>1,963,328</u>	<u>-</u>

**16. PROVISIONS FOR LIABILITIES**

	2009 £	2008 £
Deferred tax	69,000	28,048
Onerous Contract Provision	80,638	-
	<u>149,638</u>	<u>28,048</u>

Notes to the Financial Statements - continued  
for the year ended 31 July 2009

16. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £	Onerous Contract £
Balance at 1 August 2008	28,048	-
reversal of timing differences	40,952	-
Movement in the period	-	80,638
Balance at 31 July 2009	<u>69,000</u>	<u>80,638</u>

No provision has been made for deferred tax on gains recognised on re-valuing NHS Contracts to market value. Such tax would become payable only if the contract were sold without being possible to rollover the gain. The total amount unprovided is £1,269,000 (2008 : £1,269,000). At present no contracts have been sold and therefore it is not envisaged that any tax will become payable in the foreseeable future.

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	2009 £	2008 £
150,000	Ordinary shares		<u>150,000</u>	<u>150,000</u>

18. RESERVES

	Profit and loss account £	NHS Contract Reserve £	Totals £
At 1 August 2008	2,974,040	4,400,000	7,374,040
Profit for the year	<u>604,377</u>		<u>604,377</u>
At 31 July 2009	<u>3,578,417</u>	<u>4,400,000</u>	<u>7,978,417</u>

19. ULTIMATE PARENT COMPANY

The ultimate parent company is W R Evans (Chemist) Limited who own the entire share capital.

**Notes to the Financial Statements - continued  
for the year ended 31 July 2009**

**20. CAPITAL COMMITMENTS**

Commitments for capital expenditure at the year end were as follows:

	2009 £	2008 £
Authorised and contracted for -	0	684,581
Authorised but not contracted for -	0	375,569

**21. TRANSACTIONS WITH DIRECTORS**

S M Allan owed the company £5,556 (2008: £8,889) at 31 July 2009. The maximum amount of the loan during the year was £8,889 (2008: £12,222).

**22. ULTIMATE CONTROLLING PARTY**

The controlling parent company W R Evans (Chemists) Limited is under the ultimate control of Mrs A Evans both in her own right and as executor of the estate of Mr W R Evans.

**23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2009 £	2008 £
Profit for the financial year	604,377	669,476
<b>Net addition to shareholders' funds</b>	604,377	669,476
Opening shareholders' funds	7,524,040	6,854,564
<b>Closing shareholders' funds</b>	8,128,417	7,524,040

**24. BANK SECURITY**

Debenture including fixed charge over all present freehold and leasehold property; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets and undertaking both present and future dated 1st September 2006.

Composite Company Limited Multilateral Guarantee dated 1st September 2006 is given by Cox and Robinson (Chemists) Limited, Cox and Robinson Pharmacy Limited, W R Evans (Chemist) Limited and The Manor Drug Company (Nottingham) Limited.

**25. POWER TO AMEND FINANCIAL STATEMENTS**

As the company's ultimate parent company is family owned, they have the power to amend the financial statements after issue if they deem this necessary.