Registrar

CLEMENTINE ASSOCIATES LIMITED

Consolidated Financial Statements

For the year ended 30 April 2012

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COMPANIES HOUSE

Company Registration Number : 04400324

Contents **Pages**

Director

Mr J A Linch-Batten

Secretary and registered office

Mrs G M Linch-Batten
Globe House
Eclipse Park
Sittingbourne Road
Maidstone
Kent ME14 3EN

Registered number

04400324

Auditors

Day, Smith & Hunter
Globe House
Eclipse Park
Sittingbourne Road
Maidstone
Kent ME14 3EN

The director presents his annual report together with the financial statements of the group for the year ended 30 April 2012

Principal activities
The principal activities of the group throughout the year under review was that of the operator of retail pharmacies and a post office and the distribution of pharmaceutical products

Review of the business
This business review forms part of the director's report Its function is to provide a balanced review of the group's performance and development during the year and its position at the year end The review also covers the principal risks and uncertainties faced by the group

Development and performance of the group
There have not been any significant changes in the group's principal activities in the year under review, and at the date of this report, the director is not aware of any likely changes in the group's activities in the next year

The group's turnover has increased this year by 33 5% to £23,920,472, which reflects significantly higher turnover achieved by Ginova UK Limited

The trading performance of A & S Shillam Limited, which operates the retail pharmacies, continues to be strong, with pre-tax profit for the year of £1,138,193 The turnover for Ginova UK Limited increased by 114% to £11,740,875 The additional turnover was achieved at much reduced margins but the company achieved a pre-tax profit of £66,098, compared to a loss before tax for the previous year of £2,699

The balance sheet shows that the group's position at the year end is satisfactory

Principal risks and uncertainties
During the year, the retail pharmacy operation maintained a strong position Accurate figures as to total market and market share are impossible to calculate but key competitors were known Nevertheless, competitive pressures were a continuing risk and this was managed by maintaining an expanded range of healthcare services to its customers and ensuring a high level of service

The principal risk facing the distribution part of the group's business relates to the ability to maintain turnover and margin

Key performance indicators
The KPIs used to determine the progress and performance of the group are set out below

Turnover growth

The retail pharmacy business showed a decrease in turnover of 2 0%, while the distribution business showed an increase of 114%

Gross profit margin

The group's overall gross profit margin decreased in the year under review from 21 7% to 17 0%, due entirely to the reduced margin in the distribution business

Employees
Details of the number of employees and related costs can be found in note 4 to the financial statements

Financial instruments etc
The group's principal financial instruments comprise bank balances, bank loans and trade creditors The main purpose of these instruments is to raise funds for and to finance the group's operations

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

Review of the business (continued)

Financial instruments etc (continued)
In respect of bank balances the liquidity risk is managed by transferring funds between the accounts of the group to obtain the maximum benefit from those funds

For bank loans, trade and other creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due and that borrowings are flexible and available in the medium term

Results and dividends
The results for the year shown in the profit and loss account on page 5 The profit for the year after taxation was £909,366

The director does not recommend the payment of a dividend for the year

Future developments
The group is well poised to develop its main core business and continues to address the effect of competitive pressures experienced during 2011/12 As far as the business of Ginova UK Limited is concerned, the director continues to review ways in which the business can be developed and additional margin achieved

Director
The director who served during the year was -

Mr J A Linch-Batten

Director's responsibilities
The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Practice (United Kingdom Accounting Standards and applicable law) Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group, and enable him to ensure that the financial statements comply with the Companies Act 2006 He is also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Disclosure of information to auditors
The director confirms that so far as he is aware, there is no relevant audit information of which the company's auditors are unaware He has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Signed on behalf of the board

Mr J A Linch-Batten

Approved by the Board on 27/2/2013

CLEMENTINE ASSOCIATES LIMITED

Independent auditors' report to the shareholder of Clementine Associates Limited

We have audited the financial statements of Clementine Associates Limited for the year ended 30 April 2012, which are set out on pages 5 to 17 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 the director and auditors

As explained more fully in the director's responsibilities statement set out on page 3, the director is 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 misstatements, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the director's report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the statement of the group's and the parent company's affairs as at 30 April 2012 and of the group's 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 director's report 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 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we required for our audit

Roy Coates (Senior Statutory Auditor)
For and on behalf of Day, Smith & Hunter, Statutory Auditor
Registered Auditors and
Chartered Accountants

Globe House, Eclipse Park
Sittingbourne Road
Maidstone
Kent ME14 3EN

Date 27/2/2013

CLEMENTINE ASSOCIATES LIMITED

Consolidated profit and loss account for the year ended 30 April 2012

	Notes		2012		2011
			£		£
Turnover	2		23,920,472		17,921,514
Cost of sales			(19,847,238)		(14,029,704)
Gross profit			4,073,234		3,891,810
Administrative expenses		(2,823,091)		(2,670,230)	
Other operating income		36,122		35,348	
			(2,786,969)		(2,634,882)
Operating profit	3		1,286,265		1,256,928
Other interest receivable and similar income			-		5
Interest payable and similar charges	6		(81,974)		(115,055)
Profit on ordinary activities before taxation			1,204,291		1,141,878
Taxation	7		(294,925)		(307,639)
Profit on ordinary activities after taxation	17		909,366		834,239

None of the group's activities was acquired or discontinued during the above two years

There were no recognised gains or losses other than those included in the profit and loss account

The notes on pages 9 to 17 form part of these accounts

CLEMENTINE ASSOCIATES LIMITED

Consolidated balance sheet at 30 April 2012

	Notes		2012		2011
			£		£
Fixed assets					
Intangible fixed assets	8		7,754,077		7,754,077
Tangible fixed assets	9		674,736		504,054
			8,428,813		8,258,131
Current assets					
Stock	11	1,919,339		2,034,768	
Debtors	12	4,546,190		2,614,651	
Cash at bank and in hand		1,827,754		133,133	
		8,293,283		4,782,552	
Creditors: amounts falling due within one year	13	(8,004,021)		(4,991,345)	
Net current assets/(liabilities)			289,262		(208,793)
Total assets less current liabilities			8,718,075		8,049,338
Creditors amounts falling due after more than one year	14		(4,029,483)		(4,273,287)
Provision for liabilities and charges	15		(264,488)		(261,313)
Net assets			4,424,104		3,514,738
Capital and reserves					
Called up share capital	16		1		1
Profit and loss account	17		4,424,103		3,514,737
Total shareholders' funds	18		4,424,104		3,514,738

Approved by the board of directors on 27\12\2013 and signed on its behalf

Mr J A Linch-Batten - Director

Company number . 04400324

The notes on pages 9 to 17 form part of these accounts

CLEMENTINE ASSOCIATES LIMITED

Company balance sheet at 30 April 2012

	Notes	2012	2011
		£	£
Fixed assets			
Investments	10	1,970,620	1,970,620
Creditors: amounts falling due within one year	13	(718)	(85,228)
Total assets less current liabilities		1,969,902	1,885,392
Creditors: amounts falling due after more than one year	14	(1,952,757)	(1,868,247)
Net assets		17,145	17,145
Capital and reserves			
Called up share capital	16	1	1
Profit and loss account	17	17,144	17,144
Total shareholders' funds	18	17,145	17,145

Approved by the board of directors on 27\2\2013 and signed on its behalf

Mr J A Linch-Batten - Director

Company number 04400324

The notes on pages 9 to 17 form part of these accounts

CLEMENTINE ASSOCIATES LIMITED

Group cash flow statement for the year ended 30 April 2012

	Notes		2012		2011
			£		£
Operating activities					
Net cash flow from operating activities	19a		3,403,214		726,556
Returns on investments and servicing of finance					
Interest and similar income received		-		5	
Interest and similar charges paid		(81,974)		(115,055)	
Net cash flow from returns on investments and servicing of finance			(81,974)		(115,050)
Taxation paid			(297,746)		(314,810)
Capital expenditure					
Payments to acquire tangible fixed assets		(289,068)		(11,566)	
Proceeds from sale of tangible fixed assets		2,493		-	
			(286,575)		(11,566)
Net cash flow before financing			2,736,919		285,130
Financing					
New long term bank loan		235,000		-	
Repayment of bank loans		(1,103,540)		(1,217,254)	
(Decrease)/increase in other creditors falling due after more than one year		(146,243)		922,838	
Net cash flow from financing			(1,014,783)		(294,416)
Increase/(decrease) in cash	19b/c		1,722,136		(9,286)

The notes on pages 9 to 17 form part of these accounts

1 Accounting policies

a) Basis of accounting

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

b) Consolidated accounts

The consolidated financial statements incorporate the accounts of the company and all its subsidiaries for the year to 30 April 2012 All intra-group transactions have been eliminated on consolidation

In accordance with Section 408 of the Companies Act 2006, the company has taken advantage of the exemption from providing its own profit and loss account The company's loss after tax for the year ended 30 April 2012 amounted to £Nil (2011 Loss £115)

c) Turnover

Turnover of the retail pharmacy business represents National Health Service income from prescriptions and ancillary services, which is recognised once medicines etc have been supplied and payment authorised, and the income of the retail pharmacies in respect of over the counter sales, excluding value added tax

Turnover of the distribution business represents net invoiced sales of goods and services, excluding value added tax

d) Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost less estimated residual value of each asset over its estimated useful life The principal rates in use are

Freehold buildings	2% on cost
Improvements to short-term leasehold property	Over the period of the lease
Motor vehicles	25% on cost
Plant, machinery, fixtures and equipment	15% on cost/20% on written down value
Computer equipment	25% on cost

e) Intangible assets - goodwill

Goodwill represents the amount paid on the acquisition of the group's retail pharmacies and a post office In the opinion of the director the purchased goodwill has an indefinite economic life and, in accordance with the Financial Reporting Standard No 10, is not therefore subject to amortisation

This accounting policy represents a departure from paragraph 21 of Schedule 4 to the Companies Act 2006 This is considered necessary in order to provide a true and fair view

The goodwill is valued annually by professional valuers to confirm that there is no permanent diminution in carrying value

f) Stocks

Retail stocks are valued by professional stocktakers, Frank G May & Son at net replacement cost This method of valuation is normal practice for retail pharmaceutical companies

Other stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

1 Accounting policies (continued)

g) Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 a non-discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been acted or substantively enacted by the balance sheet date

h) Hire purchase and lease transactions

Assets acquired under hire purchase agreements and finance leases are capitalised in the balance sheet and are depreciated in accordance with the company's normal policy The outstanding liabilities under such agreements less interest not yet due are included in creditors Interest on such agreements is charged to the profit and loss account over the term of each agreement and represents a constant proportion of the balance of capital repayments outstanding

2 Turnover

The turnover and profit before taxation of the group are analysed as follow

	2012		2011	
	Turnover	Profit before tax	Turnover	Profit/ (loss) before tax
	£	£	£	£
Retail	12,179,597	1,138,193	12,429,233	1,144,577
Distribution	11,740,875	66,098	5,492,281	(2,699)
Holding company	-	-	-	-
	23,920,472	1,204,291	17,921,514	1,141,878

No exports were made by the group during the year

3 Operating profit

This is stated after charging the following -

	2012	2011
	£	£
Amortisation of intangible fixed assets	-	43,991
Depreciation of owned assets	225,636	101,922
Loss on disposal of tangible fixed assets	257	-
Auditors' remuneration	14,400	17,405
Operating lease rentals - land and buildings	218,953	217,592

4 Employee information

	2012	2011
	£	£
Staff costs		
Wages and salaries	1,718,787	1,524,681
Social security costs	117,684	101,018
	1,836,471	1,625,699

The average number of persons employed (including part-timers) during the year, including directors, was made up as follows

	2012	2011
	Number	Number
Pharmacists and shop staff	104	120
Distribution	41	4
Sales and administration	6	14
	151	138

5 Directors' emoluments

	2012	2011
	£	£
Emoluments	3,500	4,375

6 Interest payable and similar charges

	2012	2011
	£	£
On bank overdraft	23,852	23,555
On bank loans due in less than five years	54,202	29,928
Loan finance costs	2,350	-
Other interest	1,001	4,819
	81,405	58,302
On bank loans due after more than five years	569	56,753
	81,974	115,055

7 Taxation on profit on ordinary activities

	2012	2011
	£	£
United Kingdom corporation tax at 25 84% (2011 27 84%)	291,750	297,748
Adjustments in respect of prior periods	-	(1,251)
	291,750	296,497
Deferred taxation (note 15)	3,175	11,142
	294,925	307,639
Profit on ordinary activities	1,204,291	1,141,878

Factors affecting the tax charge for the year

	2012	2011
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK at 25 84% (2011 27 84%)	311,189	317,899
Effects of -		
Expenses not deductible for tax purposes	10,544	1,114
Capital allowances in excess of depreciation	(26,510)	(21,260)
Small companies' marginal relief	(3,473)	(5)
Adjustments in respect of prior periods	-	(1,251)
	291,750	296,497

8 Intangible fixed assets - group

	Goodwill
	£
Cost and net book value:	
At 1 May 2011 and 30 April 2012	7,754,077

9 Tangible fixed assets - group

	Freehold property	Short-term leasehold property	Plant, machinery, fixtures and equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 May 2011	-	526,525	509,617	20,046	9,654	1,065,842
Additions	252,625	11,709	24,734	-	-	289,068
Disposals	-	-	(11,000)	-	-	(11,000)
At 30 April 2012	252,625	538,234	523,351	20,046	9,654	1,343,910
Depreciation						
At 1 May 2011	-	229,085	306,376	17,737	8,590	561,788
Provision for the year	421	56,772	55,745	1,634	1,064	115,636
Disposals	-	-	(8,250)	-	-	(8,250)
At 30 April 2012	421	285,857	353,871	19,371	9,654	669,174
Net book value						
At 30 April 2012	252,204	252,377	169,480	675	-	674,736
At 30 April 2011	-	297,440	203,241	2,309	1,064	504,054

10 Investments - company

	2012	2011
	£	£
Investments in subsidiaries at cost		
At 1 May 2011 and 30 April 2012	1,970,620	1,970,620

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

i) The company owns the entire share capital of A & S Shillam Limited, a company incorporated in England A & S Shillam Limited operates retail pharmacies and a post office and its principal place of business is in the United Kingdom

ii) The company owns the entire share capital of Ginova UK Limited, a company incorporated in England Ginova UK Limited operates as the distributor of pharmaceutical products and its principal place of business is in the United Kingdom

iii) At the year end the subsidiary company, A & S Shillam Limited, had three wholly-owned dormant subsidiaries, G E Newman Limited, Stenlin Limited and Longprofit Limited All the companies are incorporated in England

11 Stocks

	2012 Group	2011 Group
	£	£
Goods for resale	1,919,339	2,034,768

12 Debtors

	2012 Group	2012 Company	2011 Group	2011 Company
	£	£	£	£
Trade debtors	3,765,668	-	1,689,595	-
Other debtors	668,930	-	815,861	-
Prepaid expenses and accrued income	111,592	-	109,195	-
	4,546,190	-	2,614,651	-

13 Creditors amounts falling due within one year

	2012 Group	2012 Company	2011 Group	2011 Company
	£	£	£	£
Bank loans and overdrafts (note 14)	355,579	-	1,154,073	-
Trade creditors	6,521,315	-	3,159,562	-
Other creditors	1,967	-	84,915	84,510
Corporation tax	291,750	-	297,746	-
Other taxation and social security	806,795	718	248,231	718
Accruals and deferred income	26,615	-	46,818	-
	8,004,021	718	4,991,345	85,228

The bank loans and overdraft facility of A & S Shillam Limited are secured by fixed and floating charges over all that company's assets and by an unlimited cross guarantee between Clementine Associates Limited and A & S Shillam Limited

14 Creditors: amounts falling due after more than one year

	2012 Group	2012 Company	2011 Group	2011 Company
	£	£	£	£
Bank loans	1,344,525	-	1,442,086	-
Amounts due to group companies	-	1,952,757	-	1,481,847
Other creditors	2,684,958	-	2,831,201	386,400
	4,029,483	1,952,757	4,273,287	1,868,247

Analysis of debt maturity

	2012 Group	2012 Company	2011 Group	2011 Company
	£	£	£	£
Bank loans and overdrafts				
Within one year or on demand	355,579	-	1,154,073	-
Between two and five years	1,247,863	-	1,362,264	-
After five years	96,662	-	79,822	-
Other creditors				
Between one and two years	2,684,958	-	2,831,201	386,400
	4,385,062	-	5,427,360	386,400
Less amounts included in current liabilities (note 13)	355,579	-	1,154,073	-
	4,029,483	-	4,273,287	386,400

There were three bank loans outstanding at the balance sheet date, two of which have been brought forward and an additional loan obtained during the year One of the existing loans bears interest at 2 35% per annum above base rate and is repayable within 5 years, the other bears interest at 2 50% per annum above base rate and is also repayable within 5 years This new loan bears interest at 2 35% per annum above base rate and is due for repayment within 7 years

15 Provision for liabilities and charges

The amount provided for deferred taxation and the movements during the year were as follows

	2012 Group	2011 Group
	£	£
Deferred tax – accelerated capital allowances	264,488	261,313
Provision at start of year	261,313	250,171
Deferred tax charge in profit and loss account for the year (note 7)	3,175	11,142
Provision at end of year	264,488	261,313

16 Called up share capital

	2012	2011
	£	£
Allotted, called up and fully paid		
Equity shares.		
Ordinary shares of £1 each	1	1

17 Profit and loss account

	2012 Group	2012 Company	2011 Group	2011 Company
	£	£	£	£
Brought forward	3,514,737	17,144	2,680,498	17,259
Profit/(loss) for the year	909,366	-	834,239	(115)
Carried forward	4,424,103	17,144	3,514,737	17,144

18 Reconciliation of movements in shareholders' funds

	2012 Group	2012 Company	2011 Group	2011 Company
	£	£	£	£
Profit/(loss) for the year	909,366	-	834,239	(115)
Shareholder's funds at 1 May 2011	3,514,738	17,145	2,680,499	17,260
Shareholder's funds at 30 April 2012	4,424,104	17,145	3,514,738	17,145

19 Notes to the cash flow statement

a) Reconciliation of operating profit to operating cash flows

	2012	2011
	£	£
Operating profit	1,286,265	1,256,928
Depreciation charges	115,636	101,922
Loss on disposal	257	-
Amortisation of intangibles	-	43,991
Decrease/(increase) in stock	115,429	(827,962)
(Increase) in debtors	(1,931,539)	(516,511)
Increase in creditors	3,817,166	668,188
Net cash inflow from operating activities	3,403,214	726,556

b) Analysis of net debt

	Brought forward	Cash flows	Other changes	Carried forward
	£	£	£	£
Cash at bank and in hand	133,133	1,694,621	-	1,827,754
Bank overdrafts	(27,515)	27,515	-	-
	105,618	1,722,136	-	1,827,754
Debt due within one year	(1,126,558)	1,103,539	(332,560)	(355,579)
Debt due after one year	(4,273,287)	(88,756)	332,560	(4,029,483)
	(5,294,227)	2,736,919	-	(2,557,308)

19 Notes to the cash flow statement (continued)

c) Reconciliation of net cash flow to movement in debt

	2012	2011
	£	£
Net increase/(decrease) in cash	1,722,136	(9,286)
New long term bank loan	(235,000)	-
Repayment of bank loans	1,103,540	1,217,254
Decrease/(increase) in long term creditors	146,243	(922,838)
Changes in net debt	2,736,919	285,130
Net debt at 1 May 2011	(5,294,227)	(5,579,357)
Net debt at 30 April 2012	(2,557,308)	(5,294,227)

20 Contingent liabilities

The parent company is party to an inter-company composite guarantee over all its assets, together with its subsidiary, A & S Shillam Limited, in respect of certain bank loans and overdrafts of the group At 30 April 2012 the amount of indebtedness of the group subject to this guarantee, net of in hand bank balances, was £1,683,258 (2011 £2,460,536)

21 Leasing commitments

Operating leases

The group's annual commitments for rental payments under non-cancellable operating leases at 30 April 2012 were as set out below

	2012 Land and buildings	2011 Land and buildings
	£	£
Operating leases which expire		
Within one year	58,260	-
Between one and five years	36,500	118,260
Over five years	127,250	99,750
	222,010	218,010

22 Ultimate controlling party and related party transactions

The company is controlled by the trustees of the Clementine Settlement, which is the sole shareholder of Clementine Associates Limited Mr J A Linch-Batten is a trustee of that settlement