Assura Pharmacy Limited

Report and Financial Statements

For the year ended 31 March 2009

Company registration number: 05171309

Contents

Management and administration

Directors:	Tim Davies Conor Daly Nigel Rawlings Assura Limited
Company Number	5171309 (England & Wales)
Registered Office:	3300 Daresbury Business Park Daresbury Warrington Cheshire WA4 4HS
Auditors.	Ernst & Young LLP 100 Barbirolli Square Manchester M3 2EY

Directors' report

The directors of Assura Pharmacy Limited are pleased to submit the audited financial statements for the year ended 31 March 2009 and the 15 month accounting period from 1 January 2007 to 31 March 2008 following the change of year end to accord with that of the NHS As a consequence the comparatives for the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and disclosures are not entirely comparable

Principal activity and business review

The principal activity of the Company is the development and operation of pharmacies The Company opened its first site on the 28th February 2006 and currently operates twenty six such branches The business intends to continue its expansion of the current operation by developing and opening more high street and healthcare centre pharmacies

During the year to 31 March 2009 the Company generated a turnover of £26 7m (15 months to March 2008 £17 8m), achieved an average gross margin of 30% (2008 26%) and made a loss for the year of £3 6m (15 months to March 2008 loss of £4 1m)

Principal risks and uncertainties

The factors identified by the Board as having the potential to affect the Company's operating results are set out below or in relation to financial risks, in note 26 to the financial statements

The directors consider the following risk factors to the financial statements to be the most significant, but the risks listed below do not necessarily comprise all those associated with the Company and are not set out in any order of priority Additional risks and uncertainties currently unknown to the directors or which the directors currently believe are immaterial, may also have a material adverse effect on the Company if they were to materialise

General risks relating to the market in which the Company operates

- The Company operates within the primary health care market and any cut in public spending or change in public policy could have an adverse effect on the Company's business, results of its operations and/or financial condition Cuts in Government spending or changes in public policy may occur for a variety of reasons, the majority of which are outside of the control of the Company, including a change of Government or a spending or policy review
- As the Company's trading activities increase in significance its exposure to the risks associated with its pharmacy business increases In particular this business is in the investment phase of development and there can be no certainty that they will generate adequate profits The Company faces risks relating to the commercial success of its pharmacy operation

Pharmacy risk factors

- Any change to the NHS Pharmaceutical Services Regulations could impact negatively on the remuneration currently enjoyed by pharmacy contractors as it could result in reductions to the current agreed payments. In addition the Department of Health regularly reviews the payments it makes to pharmacy contractors Changes to the prices that pharmacy contractors are paid could impact on both turnover and profitability of the Company
- The Company is also exposed to risks arising through professional or process error in its pharmacies and/or in the professional services each provides

Directors' report *(continued)*

Results
The results for the year are shown in the income statement on page 7 The company has expensed substantially all of its pharmacy development costs in the year, the company is pursuing pharmacy licences at a number of locations in the UK from which it expects to trade profitably in due course At the date of this report fourteen new licenses have been granted to, and twelve have been acquired by the company

Dividend
The directors do not recommend the payment of a dividend for the year (15 months to March 2008 £nil)

Directors
The directors who served during the year were as follows

Tim Davies	
Andrew Murray	(resigned 24 04 09)
Nigel Rawlings	(appointed 27 10 08)
Alexandra Rose	(resigned 31 03 10)
Assura Corporate Services Limited	(appointed 09 05 08, resigned 16 06 09)
James Campbell	(appointed 20 03 08, resigned 22 06 09)
Assura Limited	(appointed 19 03 10)
Conor Daly	(appointed 01 03 10)

Supplier payment policy
It is the Company's policy to comply with the terms of payment agreed with its suppliers Where payment terms are not agreed, the Company endeavours to adhere to the suppliers' standard payment terms As at 31 March 2009, the average number of days taken by the Company to pay its suppliers was 81 (31 March 2008 73 days)

Going concern
The company is dependent on continuing finance being made available by Assura Group Limited, its ultimate parent company, to enable it to continue operating and to meet its liabilities as they fall due

Assura Group Limited has agreed to provide sufficient funds to the company for these purposes

On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis The financial statements do not include any adjustments that would result should continuing finance cease to be made available Therefore the financial statements have been prepared on a going concern basis

Disclosure of information to auditors
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors
Ernst & Young LLP have been appointed as auditors and have indicated their willingness to continue in office

By order of the Board

Director
26 May 2010

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations Company law requires the directors to prepare financial statements for each year Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and applicable law (IFRS)

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the income 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 estimates that are reasonable and prudent,
- state whether applicable 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 will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Independent auditor's report to the members of Assura Pharmacy Limited

We have audited the financial statements of Assura Pharmacy Limited for the year ended 31 March 2009 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 27 These financial statements have been prepared under 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

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities

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 the information given in the directors' report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 is not disclosed

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

Independent auditor's report to the members of Assura Pharmacy Limited *(continued)*

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 March 2009 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
Manchester
26 MAY 2010

Income statement for the year ended 31 March 2009

	Notes	12 months to 31 March 2009 £	15 months to 31 March 2008 £
Revenue	4	**26,667,694**	17,837,278
Cost of sales		**(18,642,433)**	(13,223,990)
Gross profit		**8,025,261**	4,613,288
Administrative expenses			
Before exceptional items	5	**(11,611,261)**	(8,658,342)
Sale of pharmacy licences		**502,213**	999,953
Impairment of goodwill	11	**(330,167)**	(89,296)
Impairment of pharmacy licences	11	**(1,597,207)**	(1,004,989)
Operating loss from continuing operations		**(5,011,161)**	(4,139,386)
Finance revenue	7	**560,342**	29,692
Finance costs	8	**(845,337)**	(556,763)
Loss from continuing operations before taxation		**(5,296,156)**	(4,666,457)
Tax credit	9	**1,664,353**	551,759
Loss for the year/period		**(3,631,803)**	(4,114,698)

The entire loss for the year/period is attributable to equity holders of the parent

All items above arose from continuing operations

Balance Sheet as at 31 March 2009

	Notes	2009 £	2008 £
Non current assets			
Property, plant and equipment	10	**3,076,542**	3,025,141
Intangible assets	11	**12,905,311**	6,546,203
Investments	12	**10,103,475**	4,073,060
Deferred tax asset	18	**527,100**	545,532
		26,612,428	14,189,936
Current assets			
Trade and other receivables	13	**17,194,863**	2,705,777
Inventories	14	**1,648,440**	1,376,046
Cash	15	**3,315,772**	2,327,339
		22,159,075	6,409,162
Total assets		**48,771,503**	20,599,098
Current liabilities			
Trade and other payables	16	**(5,856,679)**	(4,071,857)
Financial liabilities	17	**(35,078,072)**	(5,129,481)
		(40,934,751)	(9,201,338)
Net assets		**7,836,752**	11,397,760
Capital and reserves			
Equity share capital	19	**17,000,000**	17,000,000
Retained earnings		**(9,163,248)**	(5,602,240)
Total equity		**7,836,752**	11,397,760

The financial statements were approved at a meeting of the Board of Directors held on 26 May 2010 and signed on its behalf by Nigel Rawlings

Director

Statement of Changes in Equity for the year ended 31 March 2009

	Share Capital £	Retained Earnings £	Total £
1 April 2008	**17,000,000**	**(5,602,240)**	**11,397,760**
Loss attributable to equity holders	-	**(3,631,803)**	**(3,631,803)**
Cost of employee share-based incentives	-	**70,795**	**70,795**
At 31 March 2009	**17,000,000**	**(9,163,248)**	**7,836,752**

	Share Capital £	Retained Earnings £	Total £
1 January 2007	**2,000,000**	**(1,889,790)**	**110,210**
Loss attributable to equity holders	-	**(4,114,698)**	**(4,114,698)**
Issue of Ordinary Shares	**15,000,000**	-	**15,000,000**
Cost of employee share-based incentives	-	**402,248**	**402,248**
At 31 March 2008	**17,000,000**	**(5,602,240)**	**11,397,760**

Cash Flow Statement for the year ended 31 March 2009

	Notes	2009 £	2008 £
Operating activities			
Loss before tax from continuing operations		**(5,296,156)**	(4,666,457)
Adjustments to reconcile loss before tax to net cash flows			
Depreciation and amortisation		**398,507**	315,628
Impairment of goodwill		**330,167**	89,296
Impairment of pharmacy licences		**1,597,207**	1,004,989
Cost of share based employee incentive	20	**70,795**	402,248
Net finance cost		**284,995**	527,071
Gain on sale of pharmacy licences		**(502,213)**	(999,953)
Increase in trade and other receivables	13	**(14,489,086)**	(1,343,105)
Increase in inventories	14	**(272,394)**	(808,756)
(Increase)/decrease in trade and other payables	16	**(1,784,822)**	1,766,222
Increase in financial liabilities	17	**29,948,591**	1,105,091
Net cash flow from operating activities		**10,285,591**	(2,607,726)
Investing activities			
Interest received	7	**11,043**	16,744
Proceeds from sale of pharmacy licences		**502,213**	999,953
Payments to acquire property, plant and equipment	10	**(3,566,764)**	(1,653,750)
Payments to acquire intangible assets	11	**(8,319,346)**	(3,650,727)
Inflow on business combinations		**65,048**	737,000
Payments to acquire investments	12	**(6,030,415)**	(4,073,000)
Net cash flow from investing activities		**(17,338,221)**	(7,623,780)
Financing activities			
Proceeds from issue of ordinary share capital	19	**-**	15,000,000
Proceeds from inter company loans		**20,991,903**	7,592,806
Issue of inter company loans		**(12,950,840)**	(7,578,226)
Interest paid	8	**-**	(328,889)
Net cash used in financing activities		**8,041,063**	14,685,691
Net increase/(decrease) in cash and cash equivalents		**988,433**	4,454,185
Cash and cash equivalents at 1 April		**2,327,339**	(2,126,846)
Cash and cash equivalents at 31 March		**3,315,772**	2,327,339
Represented by:			
Cash	15	**3,315,772**	2,327,339
		3,315,772	2,327,339

Notes to the financial statements for the year ended 31 March 2009

1. Authorisation of financial statements and statement of compliance with IFRS

The financial statements of Assura Pharmacy Limited for the year ended 31 March 2009 were authorised for issue by the board of directors on 26 May 2010 and the balance sheet was signed on the board's behalf by Nigel Rawlings Assura Pharmacy Limited is a private limited company incorporated and domiciled in the United Kingdom

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as they apply to the financial statements of the Company for the year ended 31 March 2009

The principal accounting policies adopted by the company are set out in note 3

2. Operations

The principal activity of the company is the development and operation of pharmacies, primarily in primary care centres The company opened its first pharmacy on the 28 February 2006 and at the date of this report operated 26 pharmacies

3. Basis of preparation

The financial statements of the Company have been prepared in conformity with International Financial Reporting Standards (IFRS) as adopted by the European Union and applied in accordance with the Companies Act 1985, and reflect the following policies

The financial statements have been prepared on a historical cost basis, except for pharmacy licences which have been measured at fair value

This financial report covers the 12 month period from 1 April 2008 to 31 March 2009 and the 15 month period from 1 January 2007 to 31 March 2008 following the change of year end to accord with that of the NHS As a consequence the comparatives for the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and disclosures are not entirely comparable

The Company financial statements are presented in Sterling and all values are rounded to the nearest pound except when otherwise indicated

Going concern

The company is dependent on continuing finance being made available by Assura Group Limited, its ultimate parent company, to enable it to continue operating and to meet its liabilities as they fall due

Assura Group Limited has agreed to provide sufficient funds to the company for these purposes

On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis The financial statements do not include any adjustments that would result should continuing finance cease to be made available Therefore the financial statements have been prepared on a going concern basis

Notes to the financial statements for the year ended 31 March 2009 *(continued)*

3. Basis of preparation (continued)

Consolidated financial statements
The Company and all of its subsidiary undertakings are included in consolidated accounts for a larger group, Assura Group Limited, drawn up to the same date in the same financial year and those accounts are drawn up in accordance with the provisions of the Seventh Directive (83/349/EEC) or in a manner equivalent to consolidated accounts and consolidated annual reports so drawn up Accordingly the Company, in accordance with the exemption in section 228 (1) (A) of the Companies Act, has not prepared the consolidated financial statements

Judgements, estimates and assumptions

The preparation of financial statements require management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year However, the nature of estimation means that actual outcomes could differ from those estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

Impairment of goodwill and intangible assets
The Company tests annually whether goodwill may have suffered impairment utilising value in use calculations whereby future cash flows are estimated and discounted, using an appropriate discount rate, to their net present value See note 11

Deferred tax asset
Management judgement to determine the amount of deferred tax assets that can be recognised based upon the unlikely timing and level of future taxable profits together with assessment of the effect of future tax planning See note 18

Share-based payments
The Group has an equity settled share-based remuneration scheme for employees the notional cost of which is estimated based on the fair value of the shares granted to employees at various dates in accordance with the scheme rules

Fair value of unquoted equity instruments
The unquoted equity instruments have been valued based on the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics This valuation requires the Company to make estimates about expected future cash flows and discount rates, and hence they are subject to uncertainty The fair value of the unquoted equity instruments at 31 March 2009 was £10,103,475 (2008 £4,073,060)

Revenue
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured Revenue is measured at the fair value of the consideration received, excluding discounts and VAT

Notes to the financial statements for the year ended 31 March 2009 *(continued)*

3. Basis of preparation (continued)

Sale of goods
Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, on the date of the sale

Interest income
Revenue is recognised as interest accrues using the effective interest method The effective interest method is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset

Expenses
Expenses are accounted for on an accruals basis

Exceptional items
The company presents as exceptional items on the face of the income statement those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance

Borrowing costs
Borrowing costs are recognised as an expense when incurred

Operating lease payments
Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term Lease incentives received are recognised in the income statement as an integral part of the total lease expense

Taxation
Tax on the profit or loss for the year comprises current and deferred tax Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date

The carrying amount of deferred income tax assets is reviewed at each balance sheet date Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to offset current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised

Notes to the financial statements for the year ended 31 March 2009 *(continued)*

3. Basis of preparation (continued)

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition Following initial recognition, intangible assets are carried at costs less any accumulated amortisation and any accumulated impairment losses

Costs incurred on development projects (relating to the development of pharmacy licenses) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably Other development expenditures that do not meet these criteria are recognised as an expense as incurred Development costs recognised as an expense are not recognised as an asset in a subsequent period

The useful lives of intangible assets are assessed to be either finite or indefinite The amortisation expense on intangible assets with finite lives is recognised in the income statement within administrative expenses

Intangible assets with indefinite lives are tested for impairment annually Such intangibles are not amortised The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis

Both goodwill and capitalised development costs have indefinite useful lives and are tested for impairment annually as of 31 March either individually or at the cash generating unit level as appropriate

Goodwill is allocated to cash generating units for the purpose of impairment testing This allocation is made to those cash generating units that are expected to benefit from the business combination in which the goodwill arose

The recoverable amount of a cash generating unit is determined based on value in use calculations These calculations use cash flow projections based on detailed financial models prepared by management, with all anticipated future cash flows discounted to current day values

Other intangible assets are those assets with a useful life in excess of one year and which do not relate to the creation of pharmacy licences

Property, plant and equipment

Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value

Depreciation is provided on a straight-line basis at rates calculated to write off the cost less estimated residual value of each asset over its useful economic life as follows,

Leasehold improvements	over the remaining period of the lease
Fixtures & fittings	10% straight line
Equipment	25% straight line
Computer equipment	33% straight line

The carrying values of property plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively

Notes to the financial statements for the year ended 31 March 2009 *(continued)*

3. Basis of preparation (continued)

Impaırment of assets
The company assesses at each reportıng date whether there ıs an ındıcatıon that an asset may be ımpaıred If any such ındıcatıon exısts, or when annual ımpaırment testıng for an asset ıs requıred the company makes an estımate of the recoverable amount An asset's recoverable amount ıs the hıgher of an asset's faır value less costs ıt sell and ıts value ın use and ıs determıned for an ındıvıdual asset Where the carryıng amount of an asset exceeds ıts recoverable amount, the asset ıs consıdered ımpaıred and ıs wrıtten down to ıts recoverable amount In assessıng value ın use, the estımated future cash flows are dıscounted to theır present value usıng a pre-tax dıscount rate that reflects current market assessments of the tıme value of money and the rısks specıfic to the asset In determınıng faır value less costs to sell, an approprıate valuatıon model ıs used, these calculatıons corroborated by valuatıon multıples or other avaılable faır value ındıcators Impaırment losses on contınuıng operatıons are recognısed ın the ıncome statement ın those expense categorıes consıstent wıth the functıon of the ımpaıred asset

An assessment ıs made at each reportıng date as to whether there ıs any ındıcatıon of ımpaırment that prevıously recognısed ımpaırment losses may no longer exıst or may have decreased If such ındıcatıon exısts, the recoverable amount ıs estımated A prevıously recognısed ımpaırment loss ıs reversed only ıf there has been a change ın the estımates used to determıne the asset's recoverable amount sınce the last ımpaırment loss was recognısed If that ıs the case the carryıng amount ıf the asset ıs ıncreased to ıts recoverable amount That ıncreased amount cannot exceed the carryıng amount that would have been determıned, net of deprecıatıon, had no ımpaırment loss been recognısed for the asset ın prıor years Such reversal ıs recognısed ın profit or loss unless the asset ıs carrıed at the revalued amount, ın whıch case the reversal us treated as a revaluatıon ıncrease After such a reversal the deprecıatıon charge ıs adjusted ın future perıods to allocate the asset's revısed carryıng amount, less any resıdual value, on a systematıc basıs over ıts remaınıng useful lıfe

Busıness combınatıons
Busıness combınatıons wıth entıtıes controlled by Assura Group Lımıted are accounted for usıng the poolıng of ınterests method Thıs ınvolves recognısıng the ıdentıfiable assets and lıabılıtıes of the combınıng entıtıes at the carryıng value ın the Assura Group Lımıted consolıdated fınancıal statements The results of the acquıred busınesses for the year are recognısed ın the ıncome statement from the date that the transferor was acquıred by the Assura Group ırrespectıve of when the combınatıon took place Where relevant, comparatıves are also presented as ıf the entıtıes had always been combıned from the date that the transferor was acquıred by the Assura Group

Trade and other receıvables
Trade receıvables, whıch generally have 30 to 90 day terms, are recognısed and carrıed at the lower of theır orıgınal ınvoıced value and recoverable amount Provısıon ıs made when there ıs objectıve evıdence that the Company wıll not be able to recover the balances ın full Balances are wrıtten off when the probabılıty of recovery ıs assessed as beıng remote

Inventorıes
Inventorıes are valued at the lower of cost and net realısable value Net realısable value ıs the estımated sellıng prıce ın the ordınary course of busıness, less estımated costs of completıon and the estımated costs necessary to make the sale Cost ıs defıned as average purchase prıce

Notes to the financial statements for the year ended 31 March 2009 *(continued)*

3. Basis of preparation (continued)

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits, and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks, net of outstanding bank overdrafts

Loans and Borrowings

All bank loans and borrowings are initially recognised at fair value of the consideration received, less issue costs where applicable After initial recognition, all interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method Amortised cost is calculated by taking into account any discount or premium on settlement

Share –based payment transactions

Employees (including senior executives) of Assura Pharmacy Limited received remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity settled transactions)

In situations where some or all of the goods or services received by the entity as consideration for equity instruments cannot be specifically identified, they are measured as the difference between the fair value of the share-based payment and the fair value of the identifiable goods or services received at the grant date For cash-settled transactions, the liability is measured at each reporting date until settlement

Equity-settled transactions

The cost of equity-settled transactions with employees, for awards granted, is measured by reference to the fair value at the date on which they are granted The fair value is determined by reference to market price on the date of grant In valuing equity-settled transactions, no account is taken of any vesting conditions, other than the price of the shares

The cost of the equity-settled transactions is recognised by a change in the income statement, together with a corresponding credit in retained earnings, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees became fully entitled to the award (the vesting date) The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense if the terms had not been modified An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification

Cash-settled transactions

The cost of cash settled transactions is measured initially at fair value at the grant date using a binomial model This fair value is expensed over the period until vesting with recognition of a corresponding liability

Notes to the financial statements for the year ended 31 March 2009 *(continued)*

3. Basis of preparation (continued)

Impact of Revisions to International Financial Reporting Standards

(a) New standards, amendments to published standards and interpretations to existing standards adopted by the Company

- IFRS 7, Financial Instruments disclosures and a complementary amendment to IAS 1, Presentation of Financial Statements – capital disclosures IFRS 7 introduces new requirements aimed at improving the disclosure of information about financial instruments Comparative disclosure has been added where needed

The amendment to IAS 1 introduces disclosures about the level and management of an entity's capital IFRS 7 and the amendments to IAS 1 have had no impact on the financial position or results

- IFRIC 8, Scope of IFRS 2 IFRIC 8 requires consideration of transactions involving issuance of equity instruments to establish whether or not they fall within the scope of IFRS 2 It applies to the situations where the identifiable consideration received is or appears to be less than the fair value of the equity instruments issued There was no impact on the Company's accounts from its adoption

(b) Standards, amendments and interpretations to published standards not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 April 2008 or later periods and which the Company has decided not to adopt early These are

- IFRS 2, Share-based Payments – Vesting Conditions and Cancellations This amendment to IFRS 2 was published in January 2008 and becomes effective for financial years beginning on or after 1 January 2009 The standard restricts the definition of 'vesting condition' to a condition that includes an explicit or implicit requirement to provide services Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation The Company has not entered into share-based payment schemes with non-vesting conditions attached and, therefore, does not expect significant implications on its accounting for share-based payments

- IFRS 3R, Business Combinations and IAS 27R Consolidated and Separate Financial Statements The revised standards were issued in January 2008 and became effective for financial years beginning on or after 1 July 2009. IFRS 3R introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results IAS 27R requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary The changes introduced by IFRS 3R and IAS 27R must be applied prospectively and will affect future acquisitions and transactions with minority interests

- IFRS 8, Operating Segments (effective for accounting periods beginning on or after 1 January 2009) This standard sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers It replaces IAS 14, Segmental Reporting As this is a disclosure standard it will not have any impact on the results or net assets of the Company

Notes to the financial statements for the year ended 31 March 2009 *(continued)*

3. Basis of preparation (continued)

Impact of Revisions to International Financial Reporting Standards (continued)

(b) Standards, amendments and interpretations to published standards not yet effective *(continued)*

- IAS 1, Revised Presentation of Financial Statements The revised IAS 1 was issued in September 2007 and becomes effective for financial years beginning on or after 1 January 2009 The standard separates owner and non-owner changes in equity The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line In addition, the standard introduces the statement of comprehensive income it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements The Company is still evaluating whether it will have one or two statements

- IAS 23 Borrowing Costs (revised) (effective for accounting periods beginning on or after 1 January 2009) The main change from the previous version is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale The Company is currently assessing its impact on the financial statements

- IFRIC 14 and IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for accounting periods beginning on or after 1 January 2008) As the Company does not operate defined benefit pension arrangements this IFRIC will not impact the Company

4. Revenue

	12 months ended 31 March 2009 £	15 months ended 31 March 2008 £
Sale of goods and services	**26,667,694**	17,837,278
	26,667,694	17,837,278

All revenue arose from continuing operations

5. Operating loss

This is stated after charging	**12 months ended 31 March 2009 £**	15 months ended 31 March 2008 £
Depreciation & amortisation	**398,507**	315,628
Write (back)/down of inventories	**(216,330)**	268,182
Impairment of goodwill	**330,167**	89,296
Impairment of pharmacy licences	**1,597,207**	1,004,985
Operating lease payments – minimum lease payments	**778,889**	593,834
Auditors remuneration for the audit of the financial statements	**25,500**	17,000

Notes to the financial statements for the year ended 31 March 2009 *(continued)*

6. Staff costs and directors' emoluments

a) Staff costs

	12 months ended 31 March 2009	15 months ended 31 March 2008
	£	£
Wages & salaries	4,993,460	4,060,191
Social security costs	463,644	414,594
	5,457,104	4,474,785

Included in wages and salaries is a total expense of share-based payments of £70,795 (period to 31 March 2008 £402,248)

The average monthly number of employees during the year was made up as follows

	12 months ended 31 March 2009	15 months ended 31 March 2008
Store	226	180
Head Office	37	34
	263	214

b) Directors' emoluments

	12 months ended 31 March 2009	15 months ended 31 March 2008
	£	£
Directors remuneration	2,917	169,259

7. Finance revenue

	12 months ended 31 March 2009	15 months ended 31 March 2008
	£	£
Bank interest receivable	11,043	16,744
Intercompany interest receivable	549,299	12,948
	560,342	29,692

The intercompany interest receipt forms part of the intercompany receivable balance (note 13) and hence is not a cash flow of the period

Notes to the financial statements for the year ended 31 March 2009 *(continued)*

8. Finance costs

	12 months ended 31 March 2009	15 months ended 31 March 2008
	£	£
Bank loans and overdrafts	-	328,889
Intercompany loans	845,337	227,874
	845,337	556,763

The intercompany interest payment forms part of the intercompany receivable balance (note 17) and hence is not a cash flow of the period

9. Taxation

Recognised in the income statement	12 months ended 31 March 2009	15 months ended 31 March 2008
	£	£
Current tax expense		
Current year	-	-
Adjustments for prior year	-	-
	-	-
Deferred tax credit		
Origination and reversal of temporary differences	1,664,353	642,348
Effect of decreased tax rate on opening asset	-	(90,589)
	1,664,353	551,759
Total tax in income statement	1,664,353	551,759

Reconciliation of total tax charge

The tax expense in the income statement for the year differs from the standard rate of corporation tax in the UK of 28% (2008 30%) The differences are reconciled below

	12 months ended 31 March 2009	15 months ended 31 March 2008
	£	£
Loss before taxation	(5,296,156)	(4,666,457)
At 28% (2008 30%)	(1,482,924)	(1,399,937)
Expenses not deductible for tax purposes	121,127	239,474
Prior year adjustment	(161,955)	161,519
Profit on disposal of pharmacy licences	(140,601)	-
Effect of change of rate of corporation tax	-	90,589
Group relief	-	356,596
Total tax in income statement	(1,664,353)	(551,759)

Notes to the financial statements for the year ended 31 March 2009 *(continued)*

10. Property, plant and equipment

	Freehold	Leasehold improvements	Fixtures & fittings	Equipment	IT equipment & software	Total
	£	£	£	£	£	£
Cost						
At 1 April 2008	201,450	1,106,693	1,571,432	145,746	373,678	**3,398,999**
Additions	3,125,000	94,674	209,570	21,133	116,387	**3,566,764**
Transfer to group company	(3,125,000)	-	-	-	-	**(3,125,000)**
Disposals	-	-	-	-	-	-
At 31 March 2009	**201,450**	**1,201,367**	**1,781,002**	**166,879**	**490,065**	**3,840,763**
Depreciation and impairment						
At 1 April 2008	-	48,699	166,639	28,208	130,312	**373,858**
Charge for the year	-	45,418	161,148	31,491	152,306	**390,363**
Eliminated on Disposal	-	-	-	-	-	-
At 31 March 2009	-	**94,117**	**327,787**	**59,699**	**282,618**	**764,221**
Net book value						
At 31 March 2009	**201,450**	**1,107,250**	**1,453,215**	**107,180**	**207,447**	**3,076,452**

	Freehold	Leasehold improvements	Fixtures & fittings	Equipment	IT equipment & software	Total
	£	£	£	£	£	£
Cost						
At 1 January 2007	-	590,552	806,194	52,652	133,970	**1,583,368**
Additions	1,450	523,499	753,585	126,733	248,483	**1,653,750**
Additions arising from acquisitions	200,000	-	-	-	-	**200,000**
Disposals	-	(7,358)	(21,378)	(608)	(8,775)	**(38,119)**
Reclassification	-	-	33,031	(33,031)	-	-
At 31 March 2008	**201,450**	**1,106,693**	**1,571,432**	**145,746**	**373,678**	3,398,999
Depreciation and impairment						
At 1 January 2007	-	9,192	30,350	4,007	17,056	**60,605**
Charge for the year	-	39,507	136,289	24,201	113,256	**313,253**
Eliminated on Disposal	-	-	-	-	-	-
At 31 March 2008	-	**48,699**	**166,639**	**28,208**	**130,312**	**373,858**
Net book value						
At 31 March 2008	**201,450**	**1,057,994**	**1,404,793**	**117,538**	**243,366**	**3,025,141**

Notes to the financial statements for the year ended 31 March 2009 *(continued)*

11. Intangible assets

	Goodwill £	Licences £	Other Intangibles £	Total £
Cost				
At 1 April 2008	812,000	6,788,300	42,563	**7,642,863**
Additions arising from transfers from group companies	1,682,785	6,009,945	-	**7,692,730**
Internally generated additions	-	493,251	127,634	**620,885**
Disposals	-	(18,989)	-	**(18,989)**
At 31 March 2009	**2,494,785**	**13,272,507**	**170,197**	**15,937,489**
Amortisation and impairment				
At 1 April 2008	89,296	1,004,989	2,375	**1,096,660**
Charge for the year	-	-	8,144	**8,144**
Impairment loss	330,167	1,597,207	-	**1,927,374**
At 31 March 2009	**419,463**	**2,602,196**	**10,519**	**3,032,178**
Net book value				
At 31 March 2009	**2,075,322**	**10,670,311**	**159,678**	**12,905,311**

	Goodwill £	Licences £	Other Intangibles £	Total £
Cost				
At 1 January 2007	211,824	72,310	-	**284,134**
Additions arising from transfers from group companies	812,000	2,901,000	42,563	**3,755,563**
Separately acquired additions	-	3,418,164	-	**3,418,164**
Internally generated additions	-	190,000	-	**190,000**
Disposals	-	(4,998)	-	**(4,998)**
Reclassification	(211,824)	211,824	-	**-**
At 31 March 2008	**812,000**	**6,788,300**	**42,563**	**7,642,863**
Amortisation and impairment				
At 1 January 2006	-	-	-	**-**
Charge for the year	-	-	2,375	**2,375**
Impairment loss	89,296	1,004,989	-	**1,094,285**
At 31 March 2008	**89,296**	**1,004,989**	**2,375**	**1,096,660**
Net book value				
At 31 March 2008	**722,704**	**5,783,311**	**40,188**	**6,546,203**

Notes to the financial statements for the year ended 31 March 2009 *(continued)*

11. Intangible assets (continued)

Lιcences consιst of ιntangιble assets acquιred from subsιdιary companιes and the development of pharmacy contracts These ιntangιble assets are measured at cost and have ιndefinιte useful lιves as the pharmacy contracts do not have a date of expιratιon. These assets are therefore not subject to amortιsatιon The carryιng value of these assets was tested for ιmpaιrment on 31 March 2009

Impairment of goodwill

The Company tests annually whether goodwιll or pharmacy lιcences have suffered any ιmpaιrment

Wιth regard to the value of pharmacy lιcences ιncluded ιn fixed assets, the dιrectors recognιse that sιnce 31 March 2009 there has been a declιne ιn the value of some pharmacy lιcences due to market forces beyond the Dιrectors' control Any ιmpaιrments of pharmacy lιcences owned at 31 March 2009 have been reflected ιn these financιal statements

The recoverable amount of goodwιll and pharmacy lιcences has been determιned based on a value ιn use calculatιon based on budgets approved by the Board coverιng a five year perιod The dιscount rate applιed to cash flow projectιons ιs 7 1% (2008 7 1%) and a termιnal value ιs applιed after year five based upon the current market value of each pharmacy branch

The dιscount rate applιed to the forecast cash flows was based upon the Weιghted Average Cost of Capιtal The cost of equιty was determιned usιng the Capιtal Asset Prιcιng Model and a Beta approprιate to the Pharmacy Sector of 1 00 The cost of debt was based upon the Group's actual average rates of borrowιng over the next 5 years The assumed level of was ιn lιne wιth the current levels and thιs ιs consιdered to be the ιndustry norm

An ιmpaιrment loss of £1,597,207 (2008 £1,004,989) ιn respect of certaιn ιndιvιdual Pharmacy Lιcences has been recognιsed durιng the year based upon value ιn use calculatιons Thιs has arιsen from a reductιon ιn the forecast cash flows and estιmated termιnal value of each lιcence at the end of Year 5 The reductιon ιn estιmated termιnal value reflects a recent declιne ιn the market value of pharmacy lιcences The dιscount rate applιed was 7 1% (2008 7 1%)

Sensιtιvιty Analysιs

Wιth regard to the assessment of the value ιn use of the goodwιll a 1% reductιon ιn the NHS gross margιn assumptιon would result ιn an ιncrease ιn the ιmpaιrment provιsιon ιn the year of £167,000 whιlst a 2% ιncrease ιn the dιscount rate applιed would result ιn an ιncrease ιn the ιmpaιrment provιsιon of £497,000 If both sensιtιvιtιes are applιed together, the combιned ιmpact would be an ιncrease ιn the ιmpaιrment provιsιon of £664,000

Notes to the financial statements for the year ended 31 March 2009 *(continued)*

12. Investments

a) Investments in subsidiary companies

	2009	2008
	£	£
At the beginning of the period	4,073,060	60
Acquisitions in year	6,030,415	4,073,000
At the end of the period	**10,103,475**	4,073,060

During the period, the Company acquired four pharmacy branches through the acquisition of the entire share capital of Harvey & Richardson Limited and Harvey & Richardson Holdings Limited on 6 May 2008 The total consideration for the acquisition was £5,975,000 and attributable costs of £55,415 were incurred

The trade and assets of Harvey & Richardson Limited and Harvey & Richardson Holdings Limited were transferred to Assura Pharmacy Limited on the date of acquisition The consideration paid by Assura Pharmacy Limited to the acquired entity for the trade and assets of the business was equal to that paid to the shareholders of the acquired entities

During the prior period, the Company acquired four pharmacy branches through the acquisition of the entire share capital of Clearup Limited (29 March 2007), P&L Worsley Limited (14 May 2007) and Armside Chemists Limited (2 July 2007) The total consideration for the three acquisitions was £4,002,000 and attributable costs of £71,000 were incurred The trade and assets of Clearup Limited were transferred to Assura Pharmacy Ltd on 1 May 2007

The trade and assets of P&L Worsley Limited and Armside Chemists Limited were transferred to Assura Pharmacy Limited on the date of acquisition The consideration paid by Assura Pharmacy Limited to the acquired entity for the trade and assets of the business was equal to that paid to the shareholders of the acquired entities

The combined entities have been accounted for using the pooling of interests method

	Class of share	**Place of incorporation**	**Shareholding 2009**	Shareholding 2008	**Business activity**
Trinity Crescent Healthcare Consortium Limited	Ordinary	England	**8%**	8%	Dormant
Clearup Limited	Ordinary	England	**100%**	100%	Dormant
P&L Worsley Limited	Ordinary	England	**100%**	100%	Dormant
Armside Chemists Limited	Ordinary	England	**100%**	100%	Dormant
Harvey & Richardson Limited	Ordinary	England	**100%**	-	Dormant
Harvey & Richardson Holdings Limited	Ordinary	England	**100%**	-	Dormant

Notes to the financial statements for the year ended 31 March 2009 *(continued)*

12. Investments (continued)

	Aggregate share capital and reserves	Profit after tax
	£	£
Trinity Crescent Healthcare Consortium Limited	770	-
Clearup Limited	308,807	-
P&L Worsley Limited	2,091,534	-
Armside Chemists Limited	1,583,637	-
Harvey & Richardson Limited	6,433,898	4,477,564
Harvey & Richardson Holdings Limited	(403,483)	-

b) Investments in joint ventures

	Year ended	Shares held by company	% Held	Place of incorporation	Business activity	Date of incorporation
GP Care Pharmacy Limited	31/03/2009	1 Ordinary share of £1	50%	England	Pharmacy services	07/02/2007

13. Trade and other receivables

	2009	2008
Current	**£**	£
Trade receivables	**2,765,263**	2,013,908
Prepayments	**585,318**	221,054
VAT recoverable	**893,442**	188,415
Other receivables	-	282,400
Loans to group companies	**12,950,840**	-
	17,194,863	2,705,777

Trade debtors are generally on 30-60 days' terms and are shown net of a provision for impairment As at 31 March 2009, no trade debtors were impaired or fully provided for (2008 nil)

As at 31 March 2009 and 31 March 2008 no debtors were past due The majority of the Company's income derives from the NHS or is reimbursed by the NHS, hence the risk of default is minimal

14. Inventories

	2009	2008
	£	£
Finished goods and goods for resale	**1,648,440**	1,376,046

15. Cash and cash equivalents

	2009	2008
	£	£
Cash at bank and in hand	**3,315,772**	2,327,339

Notes to the financial statements for the year ended 31 March 2009 *(continued)*

16. Trade and other payables

	2009	2008
Current	**£**	£
Trade payables	**4,162,531**	2,642,932
Other taxes and social security	**136,807**	131,049
Accruals	**1,025,429**	798,524
Other payables	**531,912**	499,352
	5,856,679	4,071,857

17. Financial liabilities

	2009	2008
	£	£
Intercompany loan	**35,078,072**	5,129,481
	35,078,072	5,129,481

The intercompany loans have no fixed term of repayment The minimum contractual payment is therefore £nil (2008 £nil) The fair value of the intercompany loan is based on the discounted cash flows associated with the loan The fair value of the intercompany loan is based on the discounted cash flows associated with the loan

18. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following

	Assets 2009 £	Assets 2008 £	**Liabilities 2009 £**	Liabilities 2008 £	**Net 2009 £**	Net 2008 £
Property, plant and equipment	**70,660**	36,800	**-**	-	**70,660**	36,800
Pharmacy licenses recognised on acquisition	**-**	-	**(2,075,322)**	(722,704)	**(2,075,322)**	(722,704)
Tax value of loss carry-forwards	**2,531,762**	1,231,436	**-**	-	**2,531,762**	1,231,436
Tax assets / (liabilities)	**2,602,422**	1,268,236	**(2,075,322)**	(722,704)	**527,100**	545,532

19. *Authorised and issued share capital*

Authorised	**2009 Number**	**2009 £**	2008 Number	2008 £
Ordinary shares of £1 each	**17,000,000**	**17,000,000**	17,000,000	17,000,000

All shares issued in the prior period were at par for cash consideration

Notes to the financial statements for the year ended 31 March 2009 *(continued)*

20. Share based incentive scheme

On 15 May 2006 the Assura Group Limited formed the Assura Executive Equity Incentive Plan (EEIP) and issued and transferred 8,066,768 ordinary shares into the plan Participants will be allocated units each of which represent one Ordinary Share, 68 5% of which was scheduled to vest on 31 December 2008 and the balance on 31 December 2010 These dates were varied in the period and are now 31 March 2009 and 31 March 2011 respectively The units will vest at the end of the vesting periods if the compound growth in total shareholder return in each period is 12 5% above a base reference price of £1 90 A sliding scale will apply if the total shareholder return is between 0% and 12 5% over the base reference price Upon vesting, an appropriate number of Ordinary Shares will be transferred by the trustees of the plan to participants less a deduction for the number of shares needed to recover any tax or national insurance liabilities which arise for participants During the period 400,000 (2008 329,000) units were granted to Assura Pharmacy employees which vest on 31 March 2010

The fair value of equity settled share options is estimated as at the date of grant using a Monte-Carlo model, taking into account the terms and conditions upon which options were granted The fair value of the units granted in the period, is £62,023 (2008 £787,923) based on market price at the date the shares were granted This cost is allocated over the vesting period Given that the Company's share price at the date of this report is substantially below the base preference price, the cumulative expense has been computed by preference to the second vesting date given the likelihood of the units being granted at the first vesting date The cost allocation for the period was £70,795 (2008 £402,246) Dividends are paid to, and accumulate in, the Assura EEIP

21. Additional cash flow information

Analysis of Company net debt	1 April 2008	Non Cash Flow	Net Cash Flow	31 March 2009
	£	£	£	£
Cash & cash equivalents	2,327,339	-	988,433	3,315,772
Loans	(5,129,481)	(21,907,528)	(8,041,063)	(35,078,072)
	(2,802,142)	(21,907,528)	(7,052,630)	(31,762,300)

	1 January 2007	Non Cash Flow	Net Cash Flow	31 March 2008
	£	£	£	£
Cash & cash equivalents	(2,126,846)	-	4,454,185	2,327,339
Loans	10,843	(5,125,716)	(14,608)	(5,129,481)
	(2,116,003)	(5,125,716)	4,439,577	(2,802,142)

Notes to the financial statements for the year ended 31 March 2009 *(continued)*

22. Operating lease commitments

The Company has entered into commercial leases on certain properties and motor vehicles

These leases have an average duration of between 3 and 20 years

Future minimum rentals payable under non-cancellable operating leases are as follows

	Motor Vehicles	**Land and buildings**	Motor Vehicles	Land and buildings
	2009	**2009**	2008	2008
	£	**£**	£	£
Not later than one year	**25,055**	**729,109**	16,346	459,663
After one year but not more than five years	**14,848**	**2,777,117**	15,346	1,833,652
After five years	**-**	**11,281,270**	-	5,076,843
	39,903	**14,787,496**	31,692	7,370,158

23. Ultimate controlling party

The immediate controlling party is Assura Pharmacy (Holdings) Limited, a company incorporated in Guernsey The ultimate controlling party is Assura Group Limited, a company incorporated in Guernsey Copies of the group financial statements are available from Isabelle Chambers, Route Isabelle, St Peter Port, Guernsey

24. Commitments

At the balance sheet date the company had no outstanding commitments

25. Post balance sheet events

Following the year end the Company has sold three branches, Ashford, Branston & Ipswich on commercially favourable terms In addition 2 further stores, St Katherine Docks and Shinfield were closed as the stores did not match the future strategic fit of the Company

26. Financial instruments

The Company holds cash and liquid resources as well as having debtors and creditors that arise directly from its operations

The main risks arising from the Company's financial instruments and properties are credit risk, liquidity risk and capital risk The Board regularly reviews and agrees policies for managing each of these risks and these are summarised below

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group In the event of a default by a debtor, the Group will suffer an income shortfall and may incur additional costs such as including legal expenses recovering the debt

The maximum credit risk exposure relating to financial assets is represented by carrying value as at the balance sheet date

Notes to the financial statements for the year ended 31 March 2009 *(continued)*

26. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter in realising assets or otherwise raising funds to meet financial commitments

The Company finances its activities with a combination of bank loans, cash and short-term deposits Intercompany loans are used to satisfy short-term cash flow requirements Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities

Capital risk

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares No changes were made in the objectives, policies or processes during the year end 31 March 2009 and the period ended 31 March 2008

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt The ratio at the period end is 67% debt to 33% equity (2008 33% debt to 67% equity) The Company's policy is to keep the gearing at a reliable level for a strongly asset-backed operating business In order to achieve this it must have access to share capital when appropriate otherwise it may need to sell assets The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations

Interest rate risk

The Company's interest rate risk is limited to changes in the interest charged and chargeable on intercompany loans

The Company's sensitivity to a reasonably possible change in interest rates with all other variables held constant has been considered An increase of 50 basis points would have increased the loss before tax by £17,000 Equally, a decrease of 50 basis points would have reduced the loss before tax by £17,000

27. Related parties

During the year Assura Pharmacy Limited made loans to GP Care Pharmacy Limited The loans, which totalled £9,334,995 as at 31 March 2009, are secured on the assets of GP Care Pharmacy Limited Interest chargeable on the loans in the period was £549,299

Since the previous period end the company has acquired 2 subsidiary companies (Harvey & Richardson Holdings Limited and Harvey & Richardson Limited) The assets and liabilities acquired from these companies have been hived into Assura Pharmacy Limited during the year

Compensation of key management personnel (including directors)

	2009 £	2008 £
Short-term employee benefits	**303,459**	623,945
Share-based payment	**70,795**	402,248
	374,254	1,026,193