COMPANY REGISTRATION NUMBER 00758153

LLOYDS PHARMACY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

LLOYDS PHARMACY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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LLOYDS PHARMACY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their strategic report for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW
The principal activity of the company throughout the year was the operation of a chain of retail pharmacies, located primarily within local communities and health centres.

Review of business and future developments
2013 was a year of consolidation for Lloyds Pharmacy Limited. Overall the company performed well in a challenging market.

Gross margins continued to be significantly impacted by reductions in the tariff at which drugs are reimbursed by the NHS. The company continued to mitigate this by working with suppliers to reduce costs and implementing other initiatives to improve margins. Costs throughout both the pharmacy network and support functions remain tightly controlled.

During the year the company continued to exploit the benefits of the 2012 'One Celesio' strategy of integrating the wholesale and retail divisions and towards the end of the year a small number of redundancies were announced which further streamline the management team of the combined group.

Following a decision by the intermediate parent company, Celesio AG, to commence work on a group wide Enterprise Resource Planning (ERP) solution, the company has reviewed the carrying value of a local, incomplete ERP solution held within fixed assets and as a result of this review, full impairment has been made against this asset.

The company has put in place a number of forums for communicating with staff at all levels in the pharmacy network and support functions. These include regular meetings of area managers, pharmacy managers, supervisors and support staff, pharmacy and head office partnership groups and national pharmacy managers' conferences.

The company is committed to a responsible approach to business and has been working on a number of programmes that seek to manage the impact of business activities and, in doing so, make a positive contribution to the well-being of customers, employees, communities and the environment. Lloyds Pharmacy Limited recognises that the measurement of success should allow for environmental responsibility as well as profitable growth. The increasing evidence that the environment plays a significant role in the health and well being of the nation was reflected in the company's commitment to a sustained and robust approach to environmental management activity. Lloyds Pharmacy Limited continues to work with organisations such as the Carbon Trust to understand opportunities to improve energy management and with the Energy Savings Trust to manage the environmental impact of our fleet activities.

Looking forward to 2014, the company will continue to focus on health, building on its achievements in 2013 in sales and service growth as well as operational efficiency. It remains at the forefront of community healthcare service provision throughout the UK. Opportunities for opening or acquiring pharmacies will be pursued where appropriate, but it is currently anticipated that efforts will be focussed upon refinement and roll out of the European Pharmacy Network store concept. As at the current date 223 stores have been converted to this new format.

Key performance indicators (KPIs)
The board monitors the company's progress in implementing its strategy by reference to a suite of key performance indicators. Progress in the year on summary KPIs is as follows: -

Turnover growth: 3.7% growth (2012: 2.2% fall) year on year. Turnover continues to be affected by reductions in the drugs tariff directly affecting NHS sales income, however, significant improvements in service sales within pharmacy and secondary care markets outweighed this.

Gross profit as a percentage of turnover: 0.4% decrease (2012: 2.5% decrease) year on year. The margin has again been affected by the continuing reductions in the drugs tariff.

Principal risks and uncertainties
The management of the company is subject to a number of key risks. Risks are formally reviewed by the board and appropriate processes are put in place to monitor and mitigate them, within a risk management framework developed by the company's intermediate parent, Celesio AG.

Regulation
Lloyds Pharmacy Limited operates in highly regulated markets; any changes to which could have a negative impact on business performance. The Department of Health could take further action and again reduce drug tariff reimbursement levels or further changes to the control of entry regulations could adversely impact the company's profitability.

Competition
The change in the control of entry regulations in England during 2005 has meant that the number of new entrants into the pharmacy market has continued to increase. Lloyds Pharmacy Limited has continued to expand its pharmacy portfolio through acquisitions and new openings to match the change in the competitive arena and will continue to focus its portfolio strategy on being within the community, meeting local needs.

People
The company recognises that its success is secured almost entirely by the efforts of its staff. There are a number of training and development programmes in place, with particular focus on health and safety and customer service. Staff retention is monitored by the board of directors and a series of initiatives has been put in place to aid in recruitment and retention, particularly of qualified pharmacists.

Financial risk management

The company is exposed to a variety of financial risks, which include foreign currency, liquidity and interest rate risks. The company has employed a programme that seeks to manage and limit any adverse effects of these risks in the financial performance of the company, which are described in more detail below.

The directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board, although use is made of a central treasury function which arranges the overall funding requirements of the UK group of companies of which Lloyds Pharmacy Limited is a member. This central function operates within a framework of clearly defined policies and procedures which have been approved by the directors of the company.

The policies approved by the board of directors are implemented by the company's finance department and the central treasury function. The policies for the UK group, which are documented in departmental manuals, cover funding and hedging instruments, exposure limits and a system of authority for the approval and execution of transactions.

Lloyds Pharmacy Limited participates in the banking arrangements of the UK group, which are arranged with the assistance of the central treasury function. The UK group funds its operations through a mix of retained earnings, borrowings and leasing that is designed to ensure that the company has sufficient funds for its day to day operations and other activities. Cash flow requirements are monitored through rolling projections which are compiled across the group.

Signed on behalf of the directors

T Beer
Director

Approved by the directors on 1 August 2014

LLOYDS PHARMACY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors have pleasure in presenting their report and the audited financial statements of the company for the year ended 31 December 2013.

RESULTS AND DIVIDENDS
The profit for the financial year, after taxation, amounted to £12,428,000 (2012: profit of £12,066,000). Particulars of dividends paid are detailed in note 11 to the financial statements.

FUTURE DEVELOPMENTS
Future developments of the business are detailed in the strategic report.

FINANCIAL RISK MANAGEMENT
The company's approach to financial risk management is detailed in the strategic report

CHANGE IN ULTIMATE PARENT COMPANY
Subsequent to the year end McKesson Corporation became the company's ultimate parent and controlling party as detailed in note 27 to the financial statements.

DIRECTORS
The directors who served the company during the year and up to the date of this report are as follows:

S Anderson	
T Beer	
C Tobin	(Appointed 1 March 2013)
N Swift	(Appointed 1 April 2013)
M James	(Resigned 28 February 2013)

QUALIFYING THIRD PARTY INDEMNITY PROVISION
Liability insurance, a qualifying third party indemnity provision for the purposes of the Companies Act 2006 was provided for the UK directors by Franz Haniel & Cie GmbH, the ultimate controlling party during the year. On the date of approval of the financial statements liability insurance was also in force.

POLICY ON THE PAYMENT OF CREDITORS
The policy of the company regarding the payment of trade creditors is determined internally rather than drawing upon any published supplier payment code. For the company, the policy is to:

(a) settle the terms of payment with suppliers when agreeing the terms of each transaction;

(b) ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and

(c) pay in accordance with their contractual and other legal obligations.

The payment policy applies to all creditors for revenue and capital supplies of goods and services, without exception.

The company had 55 days purchases outstanding at 31 December 2013 based on the average daily amount invoiced by suppliers during the year (2012: 66 days).

DISABLED EMPLOYEES
Wherever possible, disabled persons are given the same consideration for employment opportunities as other applicants and training and promotion prospects are identical. In particular, special consideration is given to continuity of employment in the case of an employee who becomes disabled, with suitable retraining for alternative employment, if practicable.

EMPLOYEE INVOLVEMENT
The directors pursue a policy of promoting equality of opportunity to all employees and of fostering and developing their involvement and interest in the company. Both formal and informal systems of communication are used and managers have a specific responsibility to communicate effectively with the employees. Copies of the group's annual report and news releases are distributed and other matters of importance or interest are featured in regular issues of the group's in-house magazine which seeks to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Training is regarded as a fundamental requirement and appropriate programmes exist at group, divisional and subsidiary company level.

The company recognises the high standards required to ensure the health, safety and welfare of its employees at work, its customers and the general public. The policies in this regard are regularly reviewed with the objective of ensuring that these standards are maintained.

STRATEGIC REPORT
The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 OF DISCLOSURE OF INFORMATION TO AUDITORS
Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

Thorsten Beer

T Beer
Director

Approved by the directors on 1 August 2014

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Lloyds Pharmacy Limited, comprise:

- balance sheet as at 31 December 2013;
- profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Mike Robinson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
1 August 2014

LLOYDS PHARMACY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £000	2012 £000
TURNOVER	2	**1,784,978**	1,720,857
Cost of sales		**(1,267,051)**	(1,213,984)
GROSS PROFIT		**517,927**	506,873
Distribution costs		**(393,602)**	(384,368)
Administrative expenses		**(103,861)**	(105,153)
Other operating income	3	**9,845**	15,837
OPERATING PROFIT	4	**30,309**	33,189
Loss on disposal of investments	14	**(882)**	–
		29,427	33,189
Income from shares in group undertakings	7	**916**	64
Interest receivable and similar income	8	**1,226**	52
Interest payable and similar charges	9	**(17,080)**	(15,338)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**14,489**	17,967
Tax on profit on ordinary activities	10	**(2,061)**	(5,901)
PROFIT FOR THE FINANCIAL YEAR	25	**12,428**	12,066

All of the activities of the company are classed as continuing.

There is no material difference between the results above and the results on an unmodified historical cost basis.

The notes on pages 12 to 33 form part of these financial statements.

LLOYDS PHARMACY LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	£000	£000
Profit for the financial year attributable to the shareholders	**12,428**	12,066
Actuarial gain/(loss) on defined benefit pension scheme (note 28)	**390**	(187)
Deferred tax in respect of defined benefit pension scheme (note 17)	**(78)**	43
Total gains and losses recognised since the last annual report	**12,740**	11,922

The notes on pages 12 to 33 form part of these financial statements.

LLOYDS PHARMACY LIMITED

BALANCE SHEET

31 DECEMBER 2013

	Note	£000	2013 £000	As restated 2012 £000
FIXED ASSETS				
Intangible assets	12		**133,674**	148,873
Tangible assets	13		**128,240**	149,111
Investments	14		**15,688**	16,565
			277,602	314,549
CURRENT ASSETS				
Stocks	15	**96,404**		93,663
Debtors	16	**161,433**		230,404
Cash at bank and in hand		**90,524**		15,363
		348,361		339,430
CREDITORS: Amounts falling due within one year	18	**(399,308)**		(423,013)
NET CURRENT LIABILITIES			**(50,947)**	(83,583)
TOTAL ASSETS LESS CURRENT LIABILITIES			**226,655**	230,966
CREDITORS: Amounts falling due after more than one year	19		**(164)**	(479)
PROVISIONS FOR LIABILITIES				
Other provisions	21		**(13,996)**	(17,646)
NET ASSETS EXCLUDING PENSION LIABILITY			**212,495**	212,841
Defined benefit pension scheme liability	28		**(5,888)**	(8,974)
NET ASSETS INCLUDING PENSION LIABILITY			**206,607**	203,867
CAPITAL AND RESERVES				
Called up Share capital	24		**125,242**	125,242
Share premium account	25		**63**	63
Profit and loss account	25		**81,302**	78,562
TOTAL SHAREHOLDERS' FUNDS	26		**206,607**	203,867

These financial statements on pages 9 to 33 were approved by the board of directors and authorised for issue on 1 August 2014, and were signed on its behalf by:

T Beer
Director

Company Registration Number: 00758153

The notes on pages 12 to 33 form part of these financial statements.

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006.

Set out below is a summary of the more important accounting policies, which have been applied consistently except where stated otherwise.

Restatement of comparative balance sheet

The comparative amounts for cash at bank and amounts due to fellow subsidiary undertakings have been restated in order to more accurately allocate a balance held at bank, previously attributed to Lloyds Pharmacy Limited, to a fellow subsidiary undertaking.

Going concern

The financial statements of Lloyds Pharmacy Limited have been prepared on a going concern basis which assumes that the company will continue in existence for the foreseeable future.

The company relies on its parent company, Admenta UK plc, for financial support. A facility of £700m (2012: £700m) is made available to Admenta UK plc by group companies, Celesio AG and Celesio Finance B.V. The intermediate parent company, Celesio AG continues to instruct Celesio Finance B.V. to provide this on-going support and as such the intra group funding agreement between Celesio AG, Celesio Finance B.V. and Admenta UK plc was renewed during December 2011 with the facility end date of 25 April 2017.

The directors of Lloyds Pharmacy Limited have received written confirmation from the directors of Admenta UK plc that the support provided to Lloyds Pharmacy Limited remains in place.

Consolidated financial statements

The financial statements contain information about Lloyds Pharmacy Limited as an individual company, rather than consolidated information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare group financial statements as its results and the results of its subsidiaries are included by full consolidation in the financial statements of its ultimate parent, Franz Haniel & Cie GmbH, a company incorporated in Germany.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard 1 – "Cash flow statements" from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cash flow statement.

1. ACCOUNTING POLICIES *(continued)*

Turnover

Turnover comprises sales of goods and services at invoice value excluding value added tax. Turnover from the provision of goods and services is recognised when the risks and rewards of ownership of goods and services have been transferred to the customer. The risks and rewards of ownership of goods and services are deemed to have been transferred when the goods or services are delivered to, or are picked up by the customer. Turnover from the provision of goods and all services is only recognised when the amounts to be recognised are fixed or determinable and collectability is reasonably assured. Income relating to the period that has not been invoiced at the year end is accrued as required by FRS 18.

Goodwill

Goodwill represents the excess of the fair value of consideration given to acquire new businesses over the fair value of the separable net assets at the date of the acquisition. Goodwill is capitalised as an intangible asset on the balance sheet.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill- straight line basis over 20 years

Fixed assets

Tangible fixed assets are stated at cost less provision for depreciation. Cost comprises the purchase cost together with any incidental expenses of acquisition.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold buildings- 2% on a straight line basis
Leasehold property- 2% on a straight line basis / over the period of the lease if less than 50 years
Fixtures, fittings, plant and equipment- 10% - 33.3% on a straight line basis
Motor vehicles- 25% on a straight line basis

1. ACCOUNTING POLICIES *(continued)*

Impairment of fixed assets and goodwill

The basis for any impairment write down of fixed assets and goodwill is by reference to the higher of the post tax net realisable value and the value in use of those assets. For the purposes of determining any impairment the income generating unit takes account of associated cash flows within the Admenta UK plc group.

The value in use is determined through discounting all future cash flows using a risk adjusted rate. The risk adjusted rate is based upon the weighted average cost of capital of the parent company, Celesio AG, as used within internal investment appraisal mechanisms.

The company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Finance lease agreements

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the useful economic lives of equivalent owned assets. The capital element of future payments is treated as a liability and the interest element is charged to the profit and loss account over the period of the leases.

Operating lease agreements

The cost of assets used in respect of all operating leases is charged to the profit and loss account on a straight line basis over the lease term.

Rental income is recognised in the profit and loss account on a straight line basis over the lease term.

Pension costs and other post-retirement benefits

The company participates in group pension schemes operated by Admenta UK plc, one of which is a defined benefit and two defined contribution. All schemes are funded and constituted as independently administered funds with their assets being held separately from those of the company. The net liabilities under the defined benefit pension scheme are included in the balance sheet, the expected return on pension scheme assets and interest costs are included within interest payable and similar charges in the profit and loss account and actuarial gains and losses are included within the statement of total recognised gains and losses.

1. ACCOUNTING POLICIES *(continued)*

Provisions for liabilities

Provision is made in the financial statements for present obligations arising from past events, where there is a high degree of certainty as to their amount and date of settlement. Where there is a potential obligation based on a past event which will probably result in the company's assets being utilised, or amounts due upon the realisation of the obligation cannot be estimated with sufficient reliability, no provision is made, but a contingent liability is disclosed in the financial statements. Where utilisation of assets is deemed to be remote, no provision or disclosure is made.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured 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 enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Trade debtor estimation technique

Income receivable from health authorities relating to prescriptions dispensed is calculated by the prescription pricing authority rather than by the company. As a result of this evaluation process being complex and the lack of currently available commercial systems to provide a timely quantification of the NHS debtor there is a degree of estimation involved in determining the amounts to include within the financial statements. The process looks at the number of prescriptions dispensed together with history on the average value, adjusted for known tariff changes, and mix of those prescriptions on a store by store basis. This information is input into a model to provide an estimation of the NHS debtor at any given point in time. If there is a material difference between the estimate and actual debtor confirmed after the year end, the financial statements are adjusted accordingly.

Investments

Shares in group companies are shown at historic cost less any write down for impairment. The basis for any impairment is by reference to the net asset value of the investment.

2. TURNOVER

All turnover derives from operations within the United Kingdom.

3. OTHER OPERATING INCOME

	2013	2012
	£000	£000
Rent receivable	1,557	1,670
Other operating income	8,288	14,167
	9,845	15,837

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2013	2012
	£000	£000
Amortisation of intangible assets	15,697	15,644
Depreciation of owned fixed assets	43,989	34,969
Depreciation of assets held under finance lease agreements	498	545
Loss/(profit) on disposal of fixed assets	1,449	(83)
Operating lease costs:		
- Plant and equipment	3,597	3,759
- Land and buildings	36,016	34,683
Net loss on foreign currency translation	7	10
Auditors' remuneration	331	226

Included within the 2013 operating profit are expenses totalling £1,525,000 (2012: £13,578,000) in relation to both the One Celesio program and the continuing Operational Excellence Program. The expenses are made up of cost of materials £nil (2012: credit of £1,044,000), fixed assets impairment £nil (2012: £2,009,000) and other restructuring costs of £1,525,000 (2012: £12,613,000).

Included within the depreciation of owned fixed assets of £43,989,000 (2012: £34,969,000) is an impairment charge of £14,279,000 (2012: £nil). See note 13 for further details.

4. OPERATING PROFIT *(continued)*

Auditors' remuneration can be analysed as follows:

	2013	2012
	£000	£000
Audit of company's financial statements	189	198
Audit related assurance services	139	13
Tax advisory services	3	15
Total fees	331	226

Included within fees paid for the audit of the financial statements is £16,000 (2012: £16,000) relating to the audit fee of fellow subsidiaries and other group companies which have not been recharged.

5. PARTICULARS OF EMPLOYEES

The monthly average number of staff employed by the company (including directors) during the financial year amounted to:

	2013	2012
	No	No
Number of distribution staff	16,611	16,687
Number of administrative staff	755	759
	17,366	17,446

The aggregate payroll costs of the above were:

	2013	2012
	£000	£000
Wages and salaries	265,939	256,326
Social security costs	17,728	18,215
Other pension costs	4,644	3,149
	288,311	277,690

6. DIRECTORS' REMUNERATION

The directors' aggregate remuneration and other payments in respect of qualifying services were:

	2013	2012
	£000	£000
Remuneration receivable	645	1,521
Value of company pension contributions to defined benefit schemes	–	40
Value of company pension contributions to money purchase scheme:	56	42
Compensation for loss of directorship	168	500
	869	2,103

6. DIRECTORS' REMUNERATION *(continued)*

Remuneration of highest paid director:

	2013	2012
	£000	£000
Total remuneration (excluding pension contributions)	**248**	689
Value of company pension contributions to money purchase schemes	**–**	6
	248	695

The number of directors who accrued benefits under company pension schemes was as follows:

	2013	2012
	No	No
Money purchase schemes	**2**	4
Defined benefit schemes	**-**	1

The emoluments of Mr Beer and Mr Anderson are paid by a fellow group company, AAH Pharmaceuticals Limited, which makes no recharge to the company. Mr Beer and Mr Anderson are directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of these subsidiaries. Accordingly no emoluments in respect of these directors are disclosed. The emoluments of Mr Beer and Mr Anderson are included in the aggregate of the directors' emoluments disclosed in the financial statements of AAH Pharmaceuticals Limited.

7. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2013	2012
	£000	£000
Income from group undertakings	**916**	64

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013	2012
	£000	£000
Interest from group undertakings	**80**	52
Other similar income receivable	**1,146**	–
	1,226	52

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	£000	£000
Bank interest and other similar charges payable	**1,835**	1,827
Finance charges	**39**	68
Group interest payable	**15,242**	13,056
Pension interest payable	**(36)**	387
	17,080	15,338

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2013	2012
	£000	£000
Current tax:		
UK Corporation tax based on the results for the year at 23.25% (2012: 24.50%)	**9,660**	6,529
Adjustments to tax charge in respect of previous years	**(4,992)**	(515)
Total current tax	**4,668**	6,014
Deferred tax:		
Origination and reversal of timing differences	**(2,607)**	(113)
Tax on profit on ordinary activities	**2,061**	5,901

The deferred tax (charge) / credit in the Profit and Loss Account is further analysed as follows:

	2013	2012
	£000	£000
Movement in deferred tax relating to pension deficit	**(1,130)**	(1,162)
Other deferred tax movements	**3,737**	1,275
Deferred tax (charged)/credited in Profit and Loss Account	**2,607**	113

The other deferred tax movements includes an amount of £563,000 (2012: £332,000) relating to the change in rate used to provide for deferred tax in the year. The rate used in 2013 was 20% (2012: 23%).

No provision has been made for deferred tax on the sale of assets where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the replacement assets were sold without it being possible to claim rollover relief. The total unprovided amount is £6,937,000 (2012: £7,925,000). At present it is not envisaged that any tax will be payable in respect of these items in the foreseeable future.

(b) Tax included in statement of total recognised gains and losses

Included within the statement of recognised gains and losses is a deferred taxation charge in respect of the defined benefit pension scheme of £78,000 (2012: £43,000 income).

10. TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)*

(c)Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower (2012: higher) than the standard rate of corporation tax in the UK of 23.25% (2012: 24.50%). The differences are explained below:

	2013	2012
	£000	£000
Profit on ordinary activities before taxation	**14,489**	17,967
Profit on ordinary activities before taxation multiplied by the standard rate of tax	**3,369**	4,402
Effects of:		
Expenses not deductible for tax purposes:		
Timing Differences	**(1,907)**	(2,300)
Permanent Differences	**156**	174
Depreciation for period in excess of capital allowances	**5,223**	3,004
Adjustments to tax charge in respect of previous years	**(4,992)**	(515)
Amortisation of goodwill	**2,936**	3,023
Loss on sale of fixed assets to extent differs from chargeable gains	**(117)**	(1,774)
Total current tax (note 10(a))	**4,668**	6,014

(d) Changes to the UK corporation tax system

The standard rate of corporation tax in the UK reduced from 24% to 23% with effect from 1 April 2012. Accordingly the company's profits for this accounting period are taxed at an effective rate of 23.25%.

Finance Act 2013 also included legislation to reduce the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. As these changes were substantively enacted at the balance sheet date, the deferred tax balance has been restated to reflect the reduced rate of 20%.

11. DIVIDENDS

	2013	2012
	£000	£000
Paid during the year:		
Interim paid 2013 £0.08 (2012: £0.24) per share	**10,000**	30,000

12. INTANGIBLE FIXED ASSETS

	Goodwill £000
COST	
At 1 January 2013	329,828
Additions	498
At 31 December 2013	**330,326**
ACCUMULATED AMORTISATION	
At 1 January 2013	180,955
Charge for the year	15,697
At 31 December 2013	**196,652**
NET BOOK VALUE	
At 31 December 2013	**133,674**
At 31 December 2012	148,873

13. TANGIBLE FIXED ASSETS

	Freehold property	Long leasehold property	Short leasehold property	Fixtures, fittings, plant & equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000	£000
COST						
At 1 Jan 2013	11,921	2,322	61,713	334,786	423	411,165
Additions	–	–	976	24,804	–	25,780
Disposals	(666)	(202)	(1,153)	(10,807)	(10)	(12,838)
At 31 Dec 2013	**11,255**	**2,120**	**61,536**	**348,783**	**413**	**424,107**
ACCUMULATED DEPRECIATION						
At 1 Jan 2013	2,426	630	24,316	234,262	420	262,054
Charge for the year	219	58	3,481	40,729	–	44,487
On disposals	(143)	(159)	(947)	(9,417)	(8)	(10,674)
At 31 Dec 2013	**2,502**	**529**	**26,850**	**265,574**	**412**	**295,867**
NET BOOK VALUE						
At 31 Dec 2013	**8,753**	**1,591**	**34,686**	**83,209**	**1**	**128,240**
At 31 Dec 2012	9,495	1,692	37,397	100,524	3	149,111

13. TANGIBLE FIXED ASSETS *(continued)*

Impairment charge

The depreciation charge for the year includes an impairment charge of £nil (2012: £2,009,000 relating to the One Celesio Program (see note 4).

Following a decision made by an intermediate parent company, Celesio AG, to commence work on a group wide Enterprise Resource Planning solution an assessment of the carrying value of an incomplete local Enterprise Resource Planning solution was carried out. As a result of the assessment it was concluded that this asset should be fully impaired. The depreciation charge for the year includes an impairment charge of £14,279,000 (2012: £nil) relating to this asset.

Finance lease agreements

Included within the net book value of £142,007,000 (2012: £149,111,000) is £770,000 (2012: £1,268,000) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £498,000 (2012: £545,000).

14. INVESTMENTS

	Total
	£000
COST	
At 1 January 2013	17,645
Additions	145
Disposals	(1,022)
At 31 December 2013	**16,768**
IMPAIRMENTS	
At 1 January 2013 and 31 December 2013	**1,080**
NET BOOK VALUE	
At 31 December 2013	**15,688**
At 31 December 2012	16,565

14. INVESTMENTS *(continued)*

During the year the company settled a provision relating to its acquisition of the remaining 20% holding in BetterlifeHealthcare Limited in 2012. The settlement amount was £140,000 lower than provided in 2012 and the investment value has been reduced accordingly. A number of subsidiary companies were wound up during the year and the investment in these has been disposed of accordingly, amounting to £882,000. Also during the year the company made a capital contribution to AHLP Pharmacy Limited amounting to £145,000.

The undertakings whose results or financial position principally affected the figures shown in the company's annual accounts at 31 December 2013 are listed below:

Subsidiary	**Nature of business**	**Country of incorporation**	**% held**
A Miller (Chemists) Limited	Dormant	Scotland	100
Fullpad Limited	Dormant	England & Wales	100
AHLP Pharmacy Limited	Retail pharmacy	England & Wales	75
BetterlifeHealthcare Limited	Online retailer	England & Wales	100
28 CVR Limited	Holding company	England & Wales	100
30 MC Limited*	Dormant	England & Wales	100
Expert Health Limited*	Online Health	England & Wales	100
DrThom Billing Limited*	Dormant	England & Wales	100

* Held indirectly through 28 CVR Limited.

The company also holds investments in unlisted companies which operate health centres.

The directors consider the aggregate value of the company's shares in its subsidiaries, associates and unlisted investments is not less than the aggregate of the amounts at which those shares are included in the company's balance sheet.

15. STOCKS

	2013	2012
	£000	£000
Finished goods	**96,404**	93,663

16. DEBTORS

	2013	2012
	£000	£000
Trade debtors	**76,937**	67,788
Amounts owed by immediate parent	**24,607**	107,185
Amounts owed by fellow subsidiaries	**4,733**	2,362
Amounts owed by other group companies	**64**	432
Amounts owed by subsidiaries	**2,473**	2,945
Corporation tax repayable	–	6,846
Other debtors	**34,329**	27,682
Other prepayments and accrued income	**12,918**	13,529
Deferred taxation (note 17)	**5,372**	1,635
	161,433	230,404

Amounts owed by immediate parent, fellow subsidiaries and other group companies are repayable on demand and do not attract any interest. Amounts owed by subsidiaries of £2,473,000 (2012: £2,945,000) are repayable on demand.

17. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	2013	2012
	£000	£000
Included in debtors (note 16)	**5,372**	1,635

The movement in the deferred taxation account during the year was:

	2013	2012
	£000	£000
Balance brought forward	**1,635**	352
Group transfer	-	8
Profit and loss account movement arising during the year (note 10)	**3,737**	1,275
Balance carried forward	**5,372**	1,635

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2013	2012
	£000	£000
Excess of depreciation over taxation allowances	**4,263**	2,650
Short term timing difference	**1,804**	5,458
Other timing differences	**(695)**	(6,473)
	5,372	1,635

17. DEFERRED TAXATION *(continued)*

Deferred tax has been provided at 20% (2012: 23%).

The movement in the deferred tax asset relating to the pension deficit during the year was:

	2013	2012
	£000	£000
Asset brought forward at 1 January	**2,680**	3,799
Deferred tax charged in profit and loss account (note 10)	**(1,130)**	(1,162)
Deferred tax (charged)/credited to statement of total recognised gains and losses		
- on actuarial (gain)/loss	**(78)**	43
Asset carried forward at 31 December	**1,472**	2,680

The deferred tax asset relating to the pension deficit has been deducted from the gross pension liability in arriving at the net pension liability (see note 28).

18. CREDITORS: Amounts falling due within one year

	2013	As restated 2012
	£000	£000
Bank loans and overdrafts	**–**	805
Trade creditors	**88,128**	90,944
Amounts owed to other group companies	**2,452**	2,450
Amounts owed to fellow subsidiaries	**255,906**	289,031
Amounts owed to subsidiaries	**–**	40
Corporation tax	**5,777**	–
Other taxation and social security	**6,333**	6,214
Finance lease agreements	**315**	551
Other creditors	**867**	155
Accruals and deferred income	**39,530**	32,823
	399,308	423,013

The bank overdrafts are secured by an inter-company composite guarantee.

The balances due to the immediate parent, fellow subsidiaries, other group companies and subsidiaries are unsecured, repayable on demand and are interest free.

19. CREDITORS: Amounts falling due after more than one year

	2013	2012
	£000	£000
Finance lease agreements	**164**	479

20. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	2013	2012
	£000	£000
Amounts payable within 1 year	**333**	591
Amounts payable between 2 to 5 years	**175**	508
	508	1,099
Less interest and finance charges relating to future periods	**(29)**	(69)
	479	1,030
Finance lease agreements are analysed as follows:		
Current obligations	**315**	551
Non-current obligations	**164**	479
	479	1,030

21. OTHER PROVISIONS

	Property provisions £000	Restructuring provisions £000	Other provisions £000	Total £000
At 1 January 2013	14,127	532	2,987	17,646
Charged to Profit and Loss Account	2,732	1,310	300	4,342
Utilised during the year	(4,677)	(929)	(2,386)	(7,992)
At 31 December 2013	**12,182**	**913**	**901**	**13,996**

The property provisions represent an assessment of the costs to cover (a) rent and rates for vacant leasehold premises, taking account of the anticipated period until the leases are assigned or disposed of, (b) rent increases accrued following rent reviews, (c) dilapidations. The assessment, which is undertaken at the end of each accounting period, is made on a property by property basis in conjunction with Admenta UK plc's property services department.

It is expected that the property provision will be used during the remainder of the dilapidations and repair programme or until the assignment or disposal of the premises, over a maximum remaining period of 100 years.

The other provisions represent an assessment of the costs to cover pension scheme alignment obligations. The pension scheme alignment forms part of the One Celesio Program. It is expected that this provision will be utilised within the next two years.

The restructuring provision represents an assessment of the costs associated with the head office restructuring and the costs of terminating a lease commitment all forming part of the One Celesio Program. It is expected that this provision will be utilised within the next year.

22. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as set out below.

	2013		2012	
	Land and buildings	**Plant and equipment**	Land and buildings	Plant and equipment
	£000	**£000**	£000	£000
Operating leases which expire:				
Within 1 year	**1,336**	**486**	1,803	225
Within 2 to 5 years	**8,962**	**1,847**	9,470	849
After more than 5 years	**21,121**	**-**	22,675	-
	31,419	**2,333**	33,948	1,074

23. RELATED PARTY TRANSACTIONS

The company has not disclosed transactions with fellow group companies which are 100% owned, in accordance with the exemption under the terms of Financial Reporting Standard 8 - "Related party disclosures".

At 31 December 2013 the company was owed £53,486 by AHLP Pharmacy Limited (2012: £39,736 owed to AHLP Pharmacy Limited).

24. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid:

	2013		2012	
	No	**£000**	No	£000
Ordinary shares of £1 each	**125,242,450**	**125,242**	125,242,450	125,242

25. RESERVES

	Share premium account	**Profit and loss account**
	£000	**£000**
Balance brought forward	**63**	**78,562**
Profit for the financial year	–	**12,428**
Dividends (note 11)	–	**(10,000)**
Actuarial gain in respect of defined benefit pension scheme net of tax	–	**312**
Balance carried forward	**63**	**81,302**

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013	2012
	£000	£000
Profit for the financial year	**12,428**	12,066
Dividends paid (note 11)	**(10,000)**	(30,000)
Actuarial gain/(loss) in respect of defined benefit pension scheme	**312**	(144)
Net addition/(reduction) to shareholders' funds	**2,740**	(18,078)
Opening shareholders' funds	**203,867**	221,945
Closing shareholders' funds	**206,607**	203,867

27. POST BALANCE SHEET EVENTS

On 23 January 2014, Dragonfly GmbH & Co. KGaA ("Dragonfly"), a wholly owned subsidiary of McKesson Corporation, San Francisco, USA entered into a share purchase agreement with Franz Haniel & Cie GmbH to acquire 75.99% of the Celesio Shares currently outstanding. Dragonfly has also entered into a bond purchase agreement with certain convertible bondholders for the acquisition of 4,840 of the 7,000 convertible bonds issued by Celesio Finance B.V. in the nominal amount of EUR 350 million due October 2014 and 2,180 of the 3,500 convertible bonds issued by Celesio Finance B.V. in the nominal amount of EUR 350 million due April 2018 currently outstanding. The agreements with Haniel and the bondholders result in Dragonfly achieving an approximate 75% ownership of Celesio shares on a fully diluted basis following conversion of the Bonds into Celesio shares.

28. PENSIONS AND OTHER POST-RETIREMENT BENEFITS

The company participates in group pension schemes operated by Admenta UK plc, one of which is a defined benefit and two are defined contribution. The defined benefit scheme is a joint scheme with fellow subsidiary AAH Pharmaceuticals Limited and is divided by reference to the number of employees. All of the schemes are funded and constituted as independently administered funds with their assets being held separately from those of the company. The funds are valued every three years by a professionally qualified, independent actuary, the rates of contribution payable being determined by the actuary. Particulars of the valuations are contained in the financial statements of Admenta UK plc.

Surpluses and deficiencies are dealt with over the expected working lifetime of the members by appropriate adjustments to the contribution rates.

The pension cost for all schemes were borne by each fund. The pension charge for all schemes in respect of the company was £4,644,000 (2012: £3,149,000).

There were amounts of £708,000 accrued in respect of pension scheme contributions at the balance sheet date. (2012: £540,000).

The company provides no other post-retirement benefits to its employees.

The company operates defined benefit pension schemes in the UK. An actuarial valuation was carried out as at 6 April 2011 and updated to 31 December 2013 by a qualified independent actuary. The major assumptions used by the actuary were:

	2013	2012	2011
	%	%	%
Rate of increase in salaries	**4.4**	3.8	3.8
Discount rate	**4.4**	4.3	4.7
Inflation assumption	**3.4**	2.8	2.8
Expected return on scheme assets	**5.30**	4.90	4.99
Pension increases linked to price inflation subject to a maximum of 5% p.a.	**3.3**	2.8	2.7

The assumed life expectancies on retirement at age 65 are:

Current pensioners			
Male aged 65	**87.7**	87.7	87.2
Female aged 65	**89.5**	89.5	88.1
Future pensioners			
Male aged 45	**88.8**	88.7	89.0
Female aged 45	**89.9**	89.8	90.7

The scheme has a range of different pension increases for different benefit categories, not all of which are detailed above. Further details of the various rates of pension increases can be found in the Scheme documentation.

The company contributions during the year amounted to £4,057,000 (2012: £4,487,000) and the agreed company contribution rate for the coming year is 21.4% pa of pensionable salaries plus £3,674,000. The estimated contributions to be paid to the scheme by the company next year is £3,836,000. Expenses and levies to the Pension Protection Fund are payable in addition to this rate.

28. PENSIONS AND OTHER POST-RETIREMENT BENEFITS *(continued)*

The scheme is closed to new entrants so the average age of the membership is expected to increase over time. The projected unit method is used to calculate the current service cost. This calculates the value of the following years' pension accrual and expresses it as a percentage of pensionable pay. This percentage increases as the members of the scheme approach retirement.

The fair value of the scheme assets, the present value of the scheme liabilities and the resulting deficit are:

	2013	2012	2011
	£000	£000	£000
Equities	**18,524**	13,828	12,376
Bonds	**57,878**	58,191	51,262
Property	**4,869**	3,896	1,400
Absolute return fund	**13,434**	12,286	3,485
Others	**1,241**	1,325	10,793
Total market value of assets	**95,946**	89,526	79,316
Present value of funded scheme liabilities	**(103,306)**	(101,180)	(94,512)
Deficit in the scheme	**(7,360)**	(11,654)	(15,196)
Related deferred tax asset (note 17)	**1,472**	2,680	3,799
Net pension liability	**(5,888)**	(8,974)	(11,397)

There are no company related investments included in the fair value of assets.

The overall expected return on assets is calculated as the weighted average of the expected returns on each individual asset class. The expected returns for each asset class have been set with reference to market yields and include an allowance for expenses.

The actual return on scheme assets is:

	2013	2012
	£000	£000
Actual return on scheme assets	**7,230**	10,201

Reconciliation of the present value of the scheme liabilities is shown below:

	2013	2012
	£000	£000
At 1 January	**101,180**	94,512
Service cost	**189**	370
Interest cost	**4,351**	4,346
Members' contributions	**31**	33
Actuarial loss on scheme liabilities	**2,453**	6,430
Benefits paid	**(4,898)**	(4,511)
At 31 December	**103,306**	101,180

28. PENSIONS AND OTHER POST-RETIREMENT BENEFITS *(continued)*

Reconciliation of the fair value of scheme assets is shown below:

	2013 £000	2012 £000
At 1 January	**89,526**	79,316
Expected return on scheme assets	**4,387**	3,958
Actuarial gain on scheme assets	**2,843**	6,243
Contributions by the company	**4,057**	4,487
Members' contributions	**31**	33
Benefits paid	**(4,898)**	(4,511)
At 31 December	**95,946**	89,526

The amounts recognised in the profit and loss account are as follows:

	2013 £000	2012 £000
Current service cost	**189**	370
Interest cost	**4,351**	4,346
Expected return on pension scheme assets	**(4,387)**	(3,958)
Total charge	**153**	758

The amounts recognised in the statement of total recognised gains and losses (STRGL) are as follows:

	2013 £000	2012 £000
Actuarial gain/(loss) recognised in STRGL	**390**	(187)
Cumulative loss recognised in STRGL	**(34,054)**	(34,444)

A history of assets, liabilities and actuarial gains and losses is shown below:

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Present value of scheme liabilities	**(103,306)**	(101,180)	(94,512)	(88,656)	(84,403)
Fair value of scheme assets	**95,946**	89,526	79,316	75,797	68,577
Deficit	**(7,360)**	(11,654)	(15,196)	(12,859)	(15,826)

28. PENSIONS AND OTHER POST-RETIREMENT BENEFITS *(continued)*

Difference between the expected and actual return on scheme assets:

	2013	2012	2011	2010	2009
- amount (£000)	**2,843**	6,243	(649)	4,126	5,174
- % of scheme assets	**3**	7	(1)	5	8
Experience (losses)/profits on scheme liabilities:					
- amount (£000)	**(105)**	(101)	479	(644)	884
- % of the present value of scheme liabilities	**-**	-	(1)	1	(1)
Total amount recognised in statement of total recognised gains and losses:					
- amount (£000)	**390**	(187)	(5,818)	444	(4,039)
- % of the present value of scheme liabilities	**-**	-	6	(1)	5

The value of the assets at 31 December 2013 and earlier have been taken at mid-value. Corresponding amounts have not been restated at bid value.

29. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking for the current and comparative year was Admenta Holdings Limited. The company's ultimate parent undertaking and controlling party for the current and comparative year was Franz Haniel & Cie GmbH, a company registered in Germany, by virtue of its majority shareholding in the intermediate parent Celesio AG and its consolidation of the Celesio AG Group results into its own consolidated financial statements. Subsequent to the year end McKesson Corporation became the company's ultimate parent and controlling party as detailed in note 27.

Consolidated financial statements for the largest group of undertakings are prepared by Franz Haniel & Cie GmbH and may be obtained from Franz Haniel Platz 1, D-47119 Duisburg, Ruhrort, Germany.

Consolidated financial statements for the smallest group of companies are prepared by Celesio AG and may be obtained from Celesio AG, Neckartalstrasse 155, D-70376 Stuttgart, Germany.

30. ACQUISITIONS AND DISPOSALS

Summarised below are the fair values of the assets acquired by the company during the year on acquisition of the trade of three pharmacies. The goodwill arising on these acquisitions is detailed in note 12.

	Fair value and book value £000
Goodwill acquired	**498**
Satisfied by:	
Consideration paid - Cash	**498**