

Registered number: 01202866

DAY LEWIS PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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DAY LEWIS PLC

COMPANY INFORMATION

DIRECTORS	Mr K C Patel Mr P J Glover Mr K C Patel Jnr (appointed 5 December 2012) Mr J C Patel Jnr (appointed 5 December 2012)
COMPANY SECRETARY	Mr A Patel
REGISTERED NUMBER	01202866
REGISTERED OFFICE	Lion House Red Lion Street London WC1R 4GB
INDEPENDENT AUDITOR	KMPG LLP 1 Forest Gate Brighton Road Crawley RH11 9PT
BANKERS	National Westminster Bank Plc 89 Mount Pleasant Road Tunbridge Wells Kent TN1 1PX The Co-Operative Bank 17 High Street Kingston-Upon-Thames KT1 1LP
SOLICITORS	Vertex Law LLP 23 Kings Hill Avenue West Malling Kent ME19 4UA

DAY LEWIS PLC

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DAY LEWIS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

The Directors present their report and the financial statements for the year ended 31 March 2013

PRINCIPAL ACTIVITIES

The principal activity of the company and the group in the year under review continued to be that of retail pharmacy and wholesale pharmaceutical suppliers

BUSINESS REVIEW

Turnover in the year increased by 4.2% to £200.7m (2012 £192.7m). Increase in turnover was as a result of acquisition of new branches, increase in prescription numbers, increase in wholesale and overseas business.

Prescription items increased by 4.2% (2012 3.8%) but on a like for like basis the increase was 2.5% (2012 4.3%).

Gross margins increased by 5.5% or £2.9m to £56.0m (2012 £53.0m). In percentage terms, this represents an increase of 0.4% to 27.9% (2012 27.5%).

A number of factors account for the improved gross margin which has been achieved despite the ongoing Government action to reduce reimbursement prices: reduction in low margin wholesale sales, enhanced purchasing and stock control processes and appraisals of individual branch profitability.

Costs increased by £0.9m or 2.4% to £39.2m (2011 £38.3m).

Overall these actions have enabled the Group to return an increase in operating profit of £2.2m to £17.2m (2012 £15.1m). The exceptional item in 2012 related to the profit on disposal of branches.

Interest costs remain at equivalent levels to last year due to the hedge instruments in place.

Exposure to instability in the financial markets was highlighted as a risk area in last year's report. Net debt has decreased by £0.3m to £60.7m (2012 £61.0m). Gearing ratio (multiple of shareholders funds to Net debt) reduced to 1.6 (2012 2.1).

Despite the challenging economic conditions, 2012/13 marked a further year of significant profit growth for the Group. The Directors are confident that this trend will continue. However, it is worth noting that over the last two years gross profits of above 27% were achieved and operating profits increased by 29.3%. The Group has achieved significant growth and the Directors are confident that the business will continue to meet these challenges in the future.

RESULTS AND DIVIDENDS

The profit for the year, after taxation and minority interests, amounted to £8,322k (2012 - £6,615k).

During the year no dividends were paid (2012 - £nil).

DAY LEWIS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

DIRECTORS

The Directors who served during the year were

Mr K C Patel
Mr P J Glover
Mr K C Patel Jnr (appointed 5 December 2012)
Mr J C Patel Jnr (appointed 5 December 2012)

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties and risk management objectives and policies

Price risk

The company, through its investments, is exposed to the inherent risks of economic and financial market developments, including recession, inflation, availability of affordable credit and currency fluctuations that could lower revenues and reduce income. The current system of correcting generic reimbursement prices through the mechanism of "Category M" has continued through the current financial year. Category M was introduced with the new pharmacy contract in 2005 and allows the retail pharmacy industry to retain an amount of £540m of generic procurement profit annually. The system is therefore used retrospectively by the Department of Health to claw back surplus procurement profits from the Pharmacy. Through a continual business review process and monitoring of the business environment, the Directors of the company and the wider group seek to mitigate these potential risks.

Liquidity risk

The company is financed by way of bank loans of £65.0m as at 31 March 2013 (2012: £64.0m) and had cash of £6.0m (2012: £3.0m) at the year end. The review and renewal of the banking facilities was completed on satisfactory terms. Banking facilities on competitive terms are secured until September 2017. The Directors believe the company has sufficient current and future cash reserves and facilities available for it to meet its liabilities including financing obligations for at least twelve months from the signing of the financial statements. Despite the challenging economic conditions, 2012/13 marked a further year of significant profit growth for the company. The Directors are confident that this trend will continue.

The Directors' assessment of the group's and the company's ability to adopt the going concern basis of accounting is set out in note 1 on page 12.

Interest rate risk

At the beginning of the year, the group had interest rate swap and cap agreements in place to limit the risk of higher interest rates being payable on the group's loans which were not otherwise at a fixed rate.

90% of the group's debt (2012: 100%) at the balance sheet date is at a rate which is either fixed, swapped into a fixed rate or capped until the debt is due for renewal.

The Directors believe that this is appropriate given the nature of the group's business. The fair market value of the hedge agreement at 31 March 2013 was a liability of £41.3m (2012: liability of £44.7m) and the value of the swap agreements was equivalent to their nominal value (2012: nominal value). The financial statements have not been adjusted for these market values.

Credit risk

The group's principal financial assets are bank balances and cash, trade and other receivables. The credit risk on trade and other receivables is limited as the group's exposure is with the Department of Health and customers.

DAY LEWIS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

PAYMENT POLICY

It is the group's policy to negotiate payment terms with its suppliers and pay in accordance with those terms for the forthcoming year. Trade creditors of the group at the year end amounted to 70 days (2012: 51 days) of average supplies for the period.

EMPLOYEE INFORMATION

The group has undertaken several actions to keep its employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group. This is achieved through consultations with the local branch managers and other employee representatives.

DISABLED EMPLOYEES

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them, in order that their employment with the group may continue. It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

- select suitable accounting policies and then apply them consistently,
- make judgments 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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DAY LEWIS PLC

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2013**

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that

- so far as that Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information

AUDITOR

Under section 487(2) of the Companies Act 2006, KMPG LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board and signed on its behalf



Mr K C Patel
Chairman

Date 24 September 2013

DAY LEWIS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAY LEWIS PLC

We have audited the financial statements of Day Lewis PLC for the year ended 31 March 2013, set out on pages 7 to 35. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' responsibilities statement, 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 March 2013 and of the Group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent Company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

DAY LEWIS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAY LEWIS PLC

T.J. 

Timothy Rush (Senior statutory auditor)

for and on behalf of
KMPG LLP

1 Forest Gate
Brighton Road
Crawley
RH11 9PT

24 September 2013

DAY LEWIS PLC

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2013**

	Note	2013 £000	2012 £000
TURNOVER	1,2	200,686	192,704
Cost of sales		(144,725)	(139,729)
GROSS PROFIT		55,961	52,975
Distribution costs		(19)	(8)
Administrative expenses		(39,089)	(38,325)
Exceptional administrative expenses	9	(444)	-
Total administrative expenses		(39,533)	(38,325)
Other operating income	3	472	442
OPERATING PROFIT	4	16,881	15,084
EXCEPTIONAL ITEMS			
Exceptional items	9	-	52
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		16,881	15,136
Interest receivable and similar income		45	-
Interest payable and similar charges	8	(5,434)	(5,378)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		11,492	9,758
Tax on profit on ordinary activities	10	(2,992)	(2,872)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		8,500	6,886
Minority interests		(178)	(271)
PROFIT FOR THE FINANCIAL YEAR	20	8,322	6,615

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account

The notes on pages 12 to 35 form part of these financial statements

DAY LEWIS PLC
REGISTERED NUMBER: 01202866

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2013

	Note	£000	2013 £000	2012 £000
FIXED ASSETS				
Other intangible assets		71,008	68,772	
Goodwill		4,077	2,806	
Negative goodwill		(220)	(252)	
Net goodwill		3,857	2,554	
Intangible assets	11		74,865	71,326
Tangible assets	12		6,304	6,687
Investments	13		183	59
			81,352	78,072
CURRENT ASSETS				
Stocks	14	18,283	13,392	
Debtors	15	39,994	32,454	
Cash at bank		6,114	2,907	
		64,391	48,753	
CREDITORS amounts falling due within one year	16	(67,839)	(42,842)	
NET CURRENT (LIABILITIES)/ASSETS			(3,448)	5,911
TOTAL ASSETS LESS CURRENT LIABILITIES			77,904	83,983
CREDITORS , amounts falling due after more than one year	17		(37,097)	(51,555)
PROVISIONS FOR LIABILITIES				
Deferred tax	18		(2,745)	(2,766)
NET ASSETS			38,062	29,662
CAPITAL AND RESERVES				
Called up share capital	19		100	100
Share premium account	20		418	418
Merger reserve	20		757	757
Profit and loss account	20		36,066	27,744
SHAREHOLDERS' FUNDS	21		37,341	29,019
MINORITY INTERESTS	22		721	643
			38,062	29,662

DAY LEWIS PLC

**CONSOLIDATED BALANCE SHEET (continued)
AS AT 31 MARCH 2013**

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



Mr K C Patel
Director

Date 24 September 2013

The notes on pages 12 to 35 form part of these financial statements

DAY LEWIS PLC
REGISTERED NUMBER: 01202866

COMPANY BALANCE SHEET
AS AT 31 MARCH 2013

	Note	£000	2013 £000	2012 £000
FIXED ASSETS				
Intangible assets	11		47,290	45,727
Tangible assets	12		4,383	4,571
Investments	13		3,288	1,983
			<u>54,961</u>	<u>52,281</u>
CURRENT ASSETS				
Stocks	14	4,792		4,904
Debtors	15	112,419		68,175
Cash at bank		4,263		704
		<u>121,474</u>		<u>73,783</u>
CREDITORS , amounts falling due within one year	16	(143,999)		(83,034)
NET CURRENT LIABILITIES			<u>(22,525)</u>	<u>(9,251)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>32,436</u>	<u>43,030</u>
CREDITORS : amounts falling due after more than one year	17		(29,146)	(40,564)
PROVISIONS FOR LIABILITIES				
Deferred tax	18		(2,348)	(2,116)
NET ASSETS			<u>942</u>	<u>350</u>
CAPITAL AND RESERVES				
Called up share capital	19		100	100
Share premium account	20		418	418
Profit and loss account	20		424	(168)
SHAREHOLDERS' FUNDS	21		<u>942</u>	<u>350</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 September 2013

Mr K/C Patel
Director

The notes on pages 12 to 35 form part of these financial statements

DAY LEWIS PLC

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013**

	Note	2013 £000	2012 £000
Net cash flow from operating activities	24	15,940	8,380
Returns on investments and servicing of finance	25	(5,489)	(5,533)
Taxation	25	(3,045)	(2,050)
Capital expenditure and financial investment	25	(1,250)	(1,303)
Acquisitions and disposals	25	(4,278)	85
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		1,878	(421)
Financing	25	2,653	(4,240)
INCREASE/(DECREASE) IN CASH IN THE YEAR		4,531	(4,661)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MARCH 2013**

		2013 £000	2012 £000
Increase/(Decrease) in cash in the year	26	4,531	(4,661)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		(2,653)	4,240
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS		1,878	(421)
Reclassification as creditors		-	483
MOVEMENT IN NET DEBT IN THE YEAR		1,878	62
Net debt at 1 April 2012		(61,025)	(61,087)
NET DEBT AT 31 MARCH 2013		(59,147)	(61,025)

The notes on pages 12 to 35 form part of these financial statements

DAY LEWIS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Going concern

In assessing the validity of the going concern basis, the Directors have considered the level of bank facilities available to the Company and the Group, and its compliance with bank covenant tests both during the period and for the period ahead. The Group has passed all covenants during the period just ended. Having considered the Company's financial budget, investment and financing commitments and cash flow commitment requirements for the year until 30 September 2014, the Board expects to continue to meet all financial covenants as well as ensuring that liabilities are settled as they fall due.

Having considered the above, the Board conclude that it is appropriate to adopt the going concern basis of accounting because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

1.3 Basis of consolidation

The financial statements consolidate the accounts of Day Lewis PLC and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

Profits or losses on intra-group transactions are eliminated in full on consolidation. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

The company is entitled to merger relief by Section 612 of the Companies Act 2006 in respect of the consideration received in excess of the nominal value of the equity shares issued in connection with the acquisition of the following subsidiary:

Cradlecrest Limited

Goodwill arising on consolidation, representing the excess of fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated useful economic life of 20 years.

1.4 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied to retail and wholesales market, NHS, private prescriptions and counter services during the year, exclusive of Value Added Tax and trade discounts.

1.5 Goodwill

Purchased goodwill is capitalised and is amortised in equal annual instalments over its estimated useful economic life of 20 years. Negative goodwill is written back to the profit and loss account over the period expected to benefit from it, being 10 years.

DAY LEWIS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1. ACCOUNTING POLICIES (continued)

1.6 Retail Pharmacy Licences

The difference between amounts paid on the acquisition of a business and the fair value of its identifiable assets and liabilities is capitalised as an intangible asset as the retail pharmacy licence

The Directors believe that the right for dispensing UK NHS prescriptions, being the pharmacy licence which is attached to a particular pharmacy, has a continuing value. Such rights, conferred by the Department of Health as contracts to dispense prescriptions, are not generally granted to new pharmacies in the same locality. Consequently the directors consider that the value of retail pharmacy licences have an indefinite life and are therefore not amortised.

Retail pharmacy licences are grouped into cash generating units as appropriate and are subject to an annual impairment review by the directors in accordance with FRS 10.

The period before steady long term growth rates has been assumed to be 10 years because pharmacy is a stable industry comprised of established businesses and steady margins. The Directors consider the life and economic benefits of pharmacy licences to be foreseeable for this period.

Any deficiency arising from the impairment review is written off to the profit and loss account in the year in which it arises. Any increases in value are not recognised in the financial statements.

This departure from the requirements of the Companies Act 2006 is, in the opinion of the directors, necessary for the financial statements to give a true and fair view.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	straight line over fifty years
Leasehold Property	-	over period of lease
Motor vehicles	-	25% per annum reducing balance
Fixtures, fittings and equipment	-	15% per annum reducing balance

1.8 Investments

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment. Profit and losses arising from disposals are treated as part of the results from ordinary activities.
- (ii) **Other investments**
Investments held as fixed assets are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

DAY LEWIS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1. ACCOUNTING POLICIES (continued)

1.9 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.10 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

1.11 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.12 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.13 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.14 Pensions

One of the company's subsidiaries Day Lewis Medical Limited operates two money purchase schemes with fixed defined contribution levels covering certain employees including a director of the holding company Mr K C Patel. Contributions are to a self-administered pension scheme and also to a scheme independently administered by the insurance company. The pension cost charge represents contributions payable by the company to the Schemes in respect of the year. All contributions are accounted for in accordance with FRS 17.

DAY LEWIS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1. ACCOUNTING POLICIES (continued)

1.15 Invoice financing

The group used invoice financing for the majority of its invoices with full recourse in favour of the financing company until October 2012. Amounts received from the factoring company are recognised separately as current liabilities on the balance sheet. The financing charges together with other costs are recognised on an accruals basis and included in the profit and loss account as finance charges.

1.16 Capital instruments

Debt is initially recorded at the fair value of the consideration received net of cost incurred directly in connection with the issue of the debt. These costs are amortised as interest expense over the period for which the directors expect the loan to be outstanding. This period is determined by reference to the scheduled repayment of the loan and the possibility and likelihood of early repayment.

1.17 Financial instruments

In preparing the financial statements for the current period, the company has adopted the presentation paragraph of FRS 25, 'Financial Instruments'. Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1.18 Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate of the carrying amount.

DAY LEWIS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

2. TURNOVER

The whole of the turnover is attributable to the sale of pharmaceutical products

A geographical analysis of turnover is as follows

	2013	2012
	£000	£000
United Kingdom	193,494	185,918
International	7,192	6,786
	200,686	192,704

3. OTHER OPERATING INCOME

	2013	2012
	£000	£000
Other operating income	169	181
Rent receivable	303	261
	472	442

4. OPERATING PROFIT

The operating profit is stated after charging

	2013	2012
	£000	£000
Amortisation - intangible fixed assets	376	-
Depreciation of tangible fixed assets		
- owned by the group	1,291	1,094
- held under finance leases	-	94
Operating lease rentals		
- plant and machinery	152	107
- other operating leases	3,506	2,990
Loss on disposal of tangible assets	19	26

DAY LEWIS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

5. AUDITORS' REMUNERATION

	2013	2012
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	16	27
Fees payable to the Company's auditor and its associates in respect of		
The auditing of accounts of subsidiaries of the Company	24	22
Taxation compliance services	-	63
All other non-audit services not included above	-	6
	=====	=====

6. STAFF COSTS

Staff costs, including Directors' remuneration, were as follows

	2013	2012
	£000	£000
Wages and salaries	21,644	19,404
Social security costs	1,939	2,162
Other pension costs	37	36
	=====	=====
	23,620	21,602
	=====	=====

The average monthly number of employees, including the Directors, during the year was as follows

	2013	2012
	No.	No.
Management and pharmacists	356	334
Sales assistants	936	933
	=====	=====
	1,292	1,267
	=====	=====

7. DIRECTORS' REMUNERATION

	2013	2012
	£000	£000
Remuneration	535	159
	=====	=====

During the year retirement benefits were accruing to 2 Directors (2012 - 1) in respect of defined contribution pension schemes

The highest paid Director received remuneration of £203k (2012 - £95k)

DAY LEWIS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

8. INTEREST PAYABLE

	2013	2012
	£000	£000
On bank loans and overdrafts	5,317	5,262
On finance leases and hire purchase contracts	8	41
Other interest payable	109	75
	5,434	5,378

9. EXCEPTIONAL ITEMS

	2013	2012
	£000	£000
Profit on disposal of branches	-	52
Onerous lease provision	444	-
	444	52

10. TAXATION

	2013	2012
	£000	£000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	2,741	2,600
Adjustments in respect of prior periods	(56)	73
Total current tax	2,685	2,673
Deferred tax (see note 18)		
Origination and reversal of timing differences	307	199
Tax on profit on ordinary activities	2,992	2,872

DAY LEWIS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

10. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - higher than) the standard rate of corporation tax in the UK of 24% (2012 - 26%). The differences are explained below

	2013 £000	2012 £000
Profit on ordinary activities before tax	11,492	9,758
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	2,758	2,537
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	90	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	74	497
Capital allowances for year in excess of depreciation	130	84
Rollover relief on profit on disposal of fixed assets	-	(4)
Adjustments to tax charge in respect of prior periods	(56)	73
Changes in provisions leading to an increase in the tax charge	107	-
Group relief	(3)	-
Intangible amortisation allowance	(415)	(514)
Current tax charge for the year (see note above)	2,685	2,673

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly. The deferred tax liability has been calculated based on the future rate of 23% as at 31 March 2013.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly.

DAY LEWIS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

11. INTANGIBLE FIXED ASSETS

Group	Negative goodwill £000	Goodwill £000	Retail Pharmacy Licences £000	Total £000
Cost				
At 1 April 2012	(315)	6,401	69,331	75,417
Additions	-	-	2,236	2,236
On acquisition of subsidiaries	-	1,679	-	1,679
At 31 March 2013	(315)	8,080	71,567	79,332
Amortisation				
At 1 April 2012	(63)	3,595	559	4,091
Charge for the year	(32)	408	-	376
At 31 March 2013	(95)	4,003	559	4,467
Net book value				
At 31 March 2013	(220)	4,077	71,008	74,865
At 31 March 2012	(252)	2,806	68,772	71,326
Company				
Cost				
At 1 April 2012				45,844
Additions				1,563
At 31 March 2013				47,407
Amortisation				
At 1 April 2012 and 31 March 2013				117
Net book value				
At 31 March 2013				47,290
At 31 March 2012				45,727

DAY LEWIS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

12. TANGIBLE FIXED ASSETS

Group	Freehold property £000	Leasehold Property £000	Motor vehicles £000	Fixtures, fittings and equipments £000	Total £000
Cost					
At 1 April 2012	295	3,853	325	10,486	14,959
Additions	-	32	75	820	927
Disposals	-	-	(22)	-	(22)
At 31 March 2013	295	3,885	378	11,306	15,864
Depreciation					
At 1 April 2012	106	2,092	190	5,884	8,272
Charge for the year	-	385	48	858	1,291
On disposals	-	-	(3)	-	(3)
At 31 March 2013	106	2,477	235	6,742	9,560
Net book value					
At 31 March 2013	189	1,408	143	4,564	6,304
At 31 March 2012	189	1,761	135	4,602	6,687

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

Group	2013 £000	2012 £000
	-	530

DAY LEWIS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

Company	Freehold property £000	Leasehold Property £000	Motor vehicles £000	Fixtures, fittings and equipment £000	Total £000
Cost					
At 1 April 2012	120	2,203	267	6,260	8,850
Additions	-	-	17	647	664
Disposals	-	-	(22)	-	(22)
At 31 March 2013	120	2,203	262	6,907	9,492
Depreciation					
At 1 April 2012	-	854	155	3,270	4,279
Charge for the year	-	217	28	588	833
On disposals	-	-	(3)	-	(3)
At 31 March 2013	-	1,071	180	3,858	5,109
Net book value					
At 31 March 2013	120	1,132	82	3,049	4,383
At 31 March 2012	120	1,349	112	2,990	4,571

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

Company	2013 £000	2012 £000
	-	530

13. FIXED ASSET INVESTMENTS

Group	Unlisted investments £000
Cost or valuation	
At 1 April 2012	172
Additions	124
At 31 March 2013	296
Impairment	
At 1 April 2012 and 31 March 2013	113
Net book value	
At 31 March 2013	183
At 31 March 2012	59

DAY LEWIS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

13. FIXED ASSET INVESTMENTS (continued)

Company	Investments in subsidiary companies £000	Unlisted investments £000	Total £000
Cost or valuation			
At 1 April 2012	4,671	172	4,843
Additions	1,181	124	1,305
At 31 March 2013	5,852	296	6,148
Impairment			
At 1 April 2012 and 31 March 2013	2,747	113	2,860
Net book value			
At 31 March 2013	3,105	183	3,288
At 31 March 2012	1,924	59	1,983

Details of the principal subsidiaries can be found under note number 33

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

The above companies only have one class of share capital and were registered in England and Wales

All companies have accounting year ends of 31 March

All of the subsidiary undertakings have been consolidated in the group financial statements

14. STOCKS

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Finished goods and goods for resale	18,283	13,392	4,792	4,904

The difference between purchase price of stocks and their replacement cost is not material

DAY LEWIS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

15. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£000	£000	£000	£000
Trade debtors	32,456	29,319	11,347	12,281
Amounts owed by group undertakings	2	-	96,827	54,280
Corporation tax	-	-	-	165
Other debtors	6,071	2,268	3,223	920
Prepayments and accrued income	1,465	867	1,022	529
	<u>39,994</u>	<u>32,454</u>	<u>112,419</u>	<u>68,175</u>

**16. CREDITORS:
Amounts falling due within one year**

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£000	£000	£000	£000
Bank loans and overdrafts	28,149	12,302	20,420	1,420
Net obligations under finance leases and hire purchase contracts	15	75	15	75
Trade creditors	28,131	19,501	7,840	7,738
Amounts owed to group undertakings	-	-	111,085	67,222
Corporation tax	1,382	1,653	65	-
Other taxation and social security	2,445	1,142	552	422
Other creditors	6,066	6,640	3,013	5,291
Accruals and deferred income	1,651	1,529	1,009	866
	<u>67,839</u>	<u>42,842</u>	<u>143,999</u>	<u>83,034</u>

	<u>Group</u>		<u>Company</u>	
Bank loans included in the bank loans and overdrafts due in one year or less	22,110	3,356	20,420	1,420

The bank loans and overdrafts due in one year or less includes £18m of 3 months Revolving Cash Facility which has been negotiated with our bankers under a facility which is available until September 2017

DAY LEWIS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

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

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£000	£000	£000	£000
Bank loans	37,097	51,555	29,146	40,564

Included within the above are amounts falling due as follows

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£000	£000	£000	£000
Between one and two years				
Bank loans	3,963	4,144	2,342	2,420
Between two and five years				
Bank loans	31,551	9,873	26,804	5,125
Over five years				
Bank loans	1,583	37,538	-	33,019

DAY LEWIS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

17. CREDITORS:

Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows

		<u>Group</u>		<u>Company</u>
Repayable by instalments	<u>1,583</u>	<u>37,538</u>	<u>-</u>	<u>33,019</u>

Bank loans and overdrafts due within one year and after more than one year amounting to £66,824,804 as at the year end were secured as follows

- Unlimited inter-company guarantees supported by legal charges over various properties and other respective associated assets
- Debentures by the company and certain subsidiaries

The previous bank loans were repaid in September 2012, and bore interest at varying rates between 2.2% and 2.5% per annum above LIBOR

The long term loan facilities now in place have a maturity date of 5 years ending September 2017. These are repayable by instalments as disclosed with a final bullet repayment of the outstanding balance due at the end of the term. The loans bear interest at varying rates ranging from 1% to 3.5% per annum above LIBOR.

Bank loans are stated net of unamortised issue costs of £521,520 (2012: £nil). Total issue costs are allocated to the profit and loss account at a constant rate over a period of 60 months from 1 October 2012.

2012 Comparatives

Prior to the March 2012 year end the group had commenced a restructuring exercise of its banking arrangements. During September 2012 the new financing arrangements were finalised and formally implemented. The directors are of the opinion that in order for the financial statements to show a true and fair view and to correctly reflect the future funding obligations of the group, the presentation and disclosure of the outstanding bank overdrafts and loans as at 31 March 2012 have been made on the basis of the new facilities in place.

Fair value of assets and liabilities

Under FRS 25, the group is not required to recognise the fair value of derivative financial instruments in the balance sheet. The fair value of such items held at 31 March 2013 was:

Base rate cancellable swap on notional amount of £20,000,000 of loan funding, fixed rate of 5.15% until February 2018. As at 31 March 2013, the fair value of the swap is £4,541,407.

Amortising interest rate swap on notional amount of £164,710 of loan funding until November 2013. As at 31 March 2013, the fair value of the swap is £3,134.

Extendable base rate geared collar on notional amount of £21,333,333 of loan funding, cap strike rate of 6.25% and floor strike rate of 4.50% until May 2014 extendable by bank until May 2017. As at 31 March 2013, the fair value of the swap is £5,537,313.

Forward starting extendable geared floor collar on notional amount of £20,000,000 of loan funding, cap strike rate of 6.00% and floor strike rate of 4.50% until November 2013 extendable by the bank until November 2015. As at 31 March 2013, the fair value of the swap is £3,067,193.

DAY LEWIS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

18. DEFERRED TAXATION

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
At beginning of year	2,766	2,693	2,116	2,116
Charge for the year (P&L)	307	73	232	-
On acquisition of subsidiary	(328)	-	-	-
At end of year	2,745	2,766	2,348	2,116

The provision for deferred taxation is made up as follows

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Accelerated capital allowances	2,963	2,766	2,348	2,116
Tax losses brought forward	(218)	-	-	-
	2,745	2,766	2,348	2,116

The deferred tax provision has been calculated using the company's expected rate of UK corporation tax of 23%

19. SHARE CAPITAL

	2013	2012
	£000	£000
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	100	100

20. RESERVES

Group	Share premium account £000	Merger reserve £000	Profit and loss account £000
At 1 April 2012	418	757	27,744
Profit for the financial year	-	-	8,322
At 31 March 2013	418	757	36,066

DAY LEWIS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

20. RESERVES (continued)

Company	Share premium account £000	Profit and loss account £000
At 1 April 2012	418	(168)
Profit for the financial year	-	592
At 31 March 2013	<u>418</u>	<u>424</u>

21. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Group	2013 £000	2012 £000
Opening shareholders' funds	29,019	22,404
Profit for the financial year	8,322	6,615
Closing shareholders' funds	<u>37,341</u>	<u>29,019</u>

Company	2013 £000	2012 £000
Opening shareholders' funds	350	78
Profit for the financial year	592	272
Closing shareholders' funds	<u>942</u>	<u>350</u>

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account

The profit for the year dealt with in the accounts of the Company was £592k (2012 - £272k)

22. MINORITY INTERESTS

	2013 £000	2012 £000
At beginning of year	(643)	(527)
Retained profit	(78)	(116)
At end of year	<u>(721)</u>	<u>(643)</u>

DAY LEWIS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

23. ACQUISITIONS AND DISPOSALS

Acquisitions

On 1 October 2012 the group acquired Leach and Burton Ltd, using acquisition accounting. The fair values of the identifiable assets and liabilities at the date of acquisition (including goodwill) were as follows

	Vendors' book value £000	Fair value to the group £000
Assets and liabilities acquired		
Tangible fixed assets	64	64
Intangible fixed assets	673	673
Stocks	183	183
Debtors	903	903
Other creditors and provisions	(524)	(524)
Net assets acquired	<u>1,299</u>	<u>1,299</u>
Satisfied by		
Consideration		
Cash		2,933
Acquisition costs		45
		<u>2,978</u>
Goodwill arising on consolidation (see note 11)		<u>1,679</u>

Acquisitions

During the year the group acquired following unincorporated business using acquisition accounting

- 1 Pharmacy at Yeovil on 30 November 2012
- 2 Pharmacy at Thetford on 29 September 2012

The fair values of the identifiable assets and liabilities at the date of acquisition (including goodwill) were as follows

	Vendors' book value £000	Fair value to the group £000
Assets and liabilities acquired		
Intangible fixed assets	<u>1,300</u>	<u>1,300</u>
Satisfied by		
Consideration		
Cash		<u>1,300</u>
Goodwill arising on acquisition(see note 20)		<u>-</u>

DAY LEWIS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

24. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 £000	2012 £000
Operating profit	16,881	15,084
Amortisation of intangible fixed assets	376	292
Depreciation of tangible fixed assets	1,291	1,188
Provision against unlisted investment	-	113
Loss on disposal of tangible fixed assets	19	26
Increase in stocks	(4,708)	(1,088)
(Increase)/decrease in debtors	(6,876)	609
Increase/(decrease) in creditors	8,957	(7,364)
Reclassification as creditors	-	(480)
Net cash inflow from operating activities	15,940	8,380

25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2013 £000	2012 £000
Returns on investments and servicing of finance		
Interest received	45	-
Interest paid	(5,426)	(5,337)
Hire purchase interest	(8)	(41)
Dividends paid to minority interests	(100)	(155)
Net cash outflow from returns on investments and servicing of finance	(5,489)	(5,533)
Taxation		
Corporation tax	(3,045)	(2,050)
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(263)	(65)
Purchase of tangible fixed assets	(863)	(1,190)
Sale of tangible fixed assets	-	11
Purchase of unlisted and other investments	(124)	(59)
Net cash outflow from capital expenditure	(1,250)	(1,303)

DAY LEWIS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2013 £000	2012 £000
Acquisitions and disposals		
Purchase of unincorporated business	(1,300)	(331)
Purchase of subsidiary undertakings	(2,978)	-
Sale of unincorporated business	-	416
Net cash (outflow)/inflow from acquisitions and disposals	(4,278)	85
	2013 £000	2012 £000
Financing		
New secured bank loans	6,069	-
Repayment of bank loans	(3,356)	(3,928)
Repayment of unsecured other loans	-	(128)
Capital element of finance lease rental repayments and financing	(60)	(184)
Net cash inflow/(outflow) from financing	2,653	(4,240)

26. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2012 £000	Cash flow £000	Other non-cash changes £000	31 March 2013 £000
Cash at bank and in hand	2,907	3,207	-	6,114
Bank overdraft	(8,946)	1,324	-	(7,622)
	(6,039)	4,531	-	(1,508)
Debt:				
Finance leases	(75)	60	-	(15)
Debts due within one year	(3,356)	(2,713)	(14,458)	(20,527)
Debts falling due after more than one year	(51,555)	-	14,458	(37,097)
Net debt	(61,025)	1,878	-	(59,147)

27. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 March 2013 or 31 March 2012

DAY LEWIS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

28. CAPITAL COMMITMENTS

At 31 March 2013 the Group and Company had capital commitments as follows

	Group and Company	
	2013	2012
	£000	£000
Contracted for but not provided in these financial statements	-	-

29. PENSION COMMITMENTS

The group operates two defined contribution pension schemes for the benefit of the employees and one director. The assets of the schemes are administered by trustees in funds independent from those of the group.

During the year, the group made a contribution to the Day Lewis Pension Fund of £37,065 (2012 £35,824).

30. OPERATING LEASE COMMITMENTS

At 31 March 2013 the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2013	2012
	£000	£000
Group		
Expiry date.		
Within 1 year	243	263
Between 2 and 5 years	693	1,418
After more than 5 years	2,283	3,296

At 31 March 2013 the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2013	2012
	£000	£000
Company		
Expiry date.		
Within 1 year	99	195
Between 2 and 5 years	217	842
After more than 5 years	1,392	2,453

DAY LEWIS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

31. RELATED PARTY TRANSACTIONS

The group has taken advantage of the exemption conferred by FRS 8 to subsidiary undertakings, 100% of whose voting rights are controlled within the group, not to disclose transactions within the group

During the year the group had the following transactions with the directors and other related parties

Rent:

The following companies paid rent for premises owned by Mr K C Patel, a director and ultimate controlling party of the company

The company £nil (2012 £62,625)
Day Lewis Medical Limited £nil (2012 £121,500)
Day Lewis Chemists Limited £nil (2012 £26,750)
Tayzana Limited £22,800 (2012 £22,800)

The following companies paid rent for premises owned by Q H Estates Limited, a company in which K C Patel has an interest

The company £226,725 (2012 £187,875)
Day Lewis Medical Limited £418,000 (2012 £364,500)
Day Lewis Chemists Limited £136,400 (2012 £80,250)

In addition the group paid rentals to the following entities

Day Lewis Pension Fund £210,400 (2012 £163,900)
K C Patel Jnr and J C Patel Jnr, K C Patel's sons £nil (2012 £51,900)
Ms R Patel, K C Patel's daughter, £14,400 (2012 £4,800)

Loans

Loans of £135,066 (2012 £485,066) are in respect of an advance to Walkboost Limited, a company in which Mr K C Patel is a director. During the year the group has fully provided against the outstanding amount due to significant doubt over its ultimate recoverability

As at 31 March 2013 an amount of £nil (2012 £2,377,976) was owed to K C Patel

At 31 March 2013 an amount of £nil (2012 £942,262) was owed to the Day Lewis Pension Fund by the group. In the year ended 31 March 2013 interest of £82,436 (2012 £50,968) was paid in respect of these loans

Other debtors include an amount of £791,692 (2012 £707,649) due from Quickshop Limited, a company which is owned by Ms R Patel, K C Patel's daughter. Full provision of £791,692 (2012 £707,649) has been made against this debtor due to significant doubt over its ultimate recoverability. No interest is receivable on this amount

As at 31 March 2013 an amount of £365,000 (2012 £365,000) was due from Swingward Limited, a company in which K C Patel is a director. During the year the group has fully provided against the outstanding amount due to significant doubt over its ultimate recoverability

DAY LEWIS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

31. RELATED PARTY TRANSACTIONS (continued)

Other transactions:

As at 31 March 2013 an amount of £120,000 (2012 £221,366) was due from Day Lewis India, a company registered in India of which K C Patel has an interest. As at the year end, full provision had been made against the outstanding balance due to significant doubt over its ultimate recoverability.

As at 31 March 2013 an amount of £90,949 (2012 £94,287) was due from Ardin Limited, a company owned by Ms R Patel, the daughter of Mr K C Patel.

During the year sales of £2,709,919 (2012 £2,130,703) and purchases totalling £556,336 (2012 £1,237,609) were made to H Carson Limited, a company controlled by K C Patel. As at 31 March 2013 £1,355,118 (2012 £199,550) was owed to the group. The balance owed to the group includes a loan amount of £1,400,000 and accrued interest of £44,973. The balance owed to the group also includes £89,855 paid on account.

During the year a management charge of £250,000 (2012 £300,000) and sales of £5,980,711 (2012 £7,201,161) were made to ABC Drugstores Limited, a company in which K C Patel has an interest. £793,382 (2012 £1,031,397) worth of purchases were paid by the group on behalf of ABC Drugstores Limited. As at 31 March 2013 £16,018 (2012 £1,077,415) was owed to the group.

During the year the group sold goods totalling £277,445 (2012 £181,452) to The HealthCounter.com Limited, a company in which the group has an interest. At 31 March 2013 £88,019 (2012 £100,388) was outstanding. During the year the company has fully provided £402,152 (2012 £nil) against stock purchased for them and held on the group's balance sheet due to significant doubt over its ultimate recoverability.

During the year, the group purchased goods totalling £48,315 (2012 £93,789) from Quadrant Pharmaceuticals. Mr K C Patel is a director of this company. At the year end the balance outstanding to Quadrant Pharmaceuticals was £2,603 (2012 £nil).

As at 31 March 2013 the group owed Heversham Holdings Limited £178,733 (2012 £181,363). Heversham Holdings Limited is a subsidiary of the ultimate parent company, Day Lewis Holdings Limited.

The ultimate parent company, Day Lewis Holdings Limited owed to the group an amount of £2,352 (2012 £nil) as at 31 March 2013.

32. CONTROLLING PARTY

The ultimate parent company is Day Lewis Holdings Limited, a company registered in Cyprus and controlled by K C Patel, a director of the company.

Copies of the ultimate parent and of its group financial statements are not publicly available.

DAY LEWIS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

33. PRINCIPAL SUBSIDIARIES

Company name	Class of share held	Percentage Shareholding	Nature of business
Day Lewis Chemists Limited	Ordinary shares £1 each	100 %	Retail Pharmacies
Day Lewis Medical Limited	Ordinary shares £1 each	100 %	Wholesale Pharmaceuticals
Tayzana Limited	Ordinary shares £1 each	51 %	Retail Pharmacies
Chiporum Limited	Ordinary shares £1 each	100 %	Retail Pharmacies
Cradlecrest Limited	Ordinary shares £1 each	100 %	Wholesale Pharmaceuticals
Leach and Burton Limited	Ordinary shares £0.01 each	100 %	Retail Pharmacies