

REGISTERED NO 1689856

ALLIED HEALTHCARE GROUP LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2010

WEDNESDAY



AZ3OEVEN

A65

29/06/2011

88

COMPANIES HOUSE

ALLIED HEALTHCARE GROUP LIMITED

Financial Statements for the year ended 30 September 2010

	Pages
Directors and advisers	1
Directors' report	2 - 3
Statement of directors' responsibilities	4
Report of the independent auditors	5
Profit and loss account	6
Balance sheet	7
Notes to the Accounts	8 - 17

ALLIED HEALTHCARE GROUP LIMITED

Directors and Advisers

Directors

S Bateman
P Weston
A Young

Secretary & Registered Office

P J Westwood
Stone Business Park
Brooms Road
Stone
Staffordshire
ST15 0TL

Auditors

Baker Tilly UK Audit LLP
3 Hardman Street
Manchester
M3 3HF

Bankers

Barclays Commercial Bank
PO Box 3333, 6th Floor
One Snow Hill,
Snow Hill Queensway
Birmingham
B3 2WN

Solicitors

Eversheds LLP
115 Colmore Row
Birmingham
B3 3AL

ALLIED HEALTHCARE GROUP LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 2010

Principal activities

The principal activity of the company is the provision of health and social care services to Social Services, NHS Trusts and nursing homes, primarily the provision of nurses and other healthcare workers

The company concentrates on its homecare staffing services which provide care to the elderly and those with learning disabilities or continuing care requirements

The profit and loss account for the year is set out on page 6

Review of business and future developments

Health and social care in the UK is changing. Allied Healthcare is at the forefront of that change. With a national network of over 110 branches, covering over 90% of the UK population and a staff of over 10,000 we are recognised as one of the leading providers of independent health and social care.

Our turnover increased 5.0% to £169 million, and was driven by 10.5% growth in our homecare business which represented 86% of our revenues. We have continued to win domiciliary framework contracts as well as broadening our service provision in the areas of extra care schemes and specialist health services such as night roaming and end of life.

We continued to make strategic investments in our business infrastructure and the professional development of our employees, with the control of costs remaining a high priority. As a result our gross profit and operating profit rose by 4.0% and 4.3% respectively.

Additionally we generated strong cash flow from our operations and ended the year with cash balances of £24.0 million. This solid financial platform continues to provide us with the resources to finance growth initiatives, including acquisitions, investments in continuing care and learning disabilities, IT Systems, training and business improvement projects.

Despite the UK government's Comprehensive Spending Review, Allied remains positive that it is well positioned to capitalise on the growing elderly population, the ongoing shift from residential to homecare services and the move towards the joint commissioning of health and social care.

Key Performance Indicators

When monitoring the performance of the business, the directors continue to review several financial and non-financial key performance indicators (KPI's). The more important ones are:

	Year to 30-Sep-10	Year to 30-Sep-09
Revenue	169,122,614	161,001,840
Operating profit	9,685,934	9,511,688
Debtor days	43	42

Principal risks and uncertainties

Competitive pressure in the UK is a continuing risk for the company, which could result in losing sales to its key competitors. The company manages this risk by providing an efficient service and a workforce which meets customer expectations and regulatory requirements.

The ability to recruit temporary workers and changes in legislation add to the uncertainties in the environment in which the business operates.

Going Concern

The directors have considered the disclosures in the accounting policies set out on page 9 and are satisfied that it is appropriate to continue to prepare the accounts on a going concern basis.

ALLIED HEALTHCARE GROUP LIMITED

DIRECTORS' REPORT

Financial Instruments

The company's financial instruments include all assets and liabilities of a financial nature, such as cash, trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to fund the company's operations, including the management of working capital and liquidity, enabling it to operate effectively and to pay its obligations as they fall due.

The company's objectives are to use financial instruments to minimise the cost of capital while avoiding exposing the company to excessive financial risk and to provide an acceptable level of certainty in respect of financial outflows.

Dividends

The directors do not recommend the payment of a dividend (2009 £ nil)

Disabled employees

The group gives full consideration to applications for employment from disabled persons where a handicapped or disabled person can adequately fulfil the requirements of the job.

Where existing employees become disabled, it is the group's policy wherever practical to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

Regular staff newsletters and departmental, area and regional meetings allow management to keep employees fully aware of developments in the business.

Supplier payment policy

It is the company's policy to agree the terms of payment with its suppliers when agreeing the terms of each transaction, and to ensure that those suppliers are made aware of the terms of payment. It is also the company's policy to abide by those terms of payment, which are typically 30 days from invoicing.

At 30th September 2010 trade creditors represented 22 days purchases (2009 20 days)

Directors

The following directors served during the year under review

S Bateman
P Weston
A Young
S Cargill (Appointed 01/06/10, Resigned 30/09/10)

Third party indemnity provision for the benefit of the directors was in force during the year.

Statement of disclosure of information to auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditors

A resolution to reappoint Baker Tilly UK Audit LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

ALLIED HEALTHCARE GROUP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

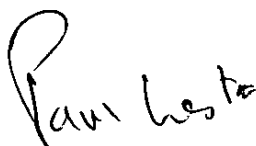
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d 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.

Approved by the Board of directors and signed on its behalf



P Weston

Director

24th JUNE 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLIED HEALTHCARE GROUP LIMITED

We have audited the financial statements on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As more fully explained in the Directors' Responsibilities Statement set out on page 4, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

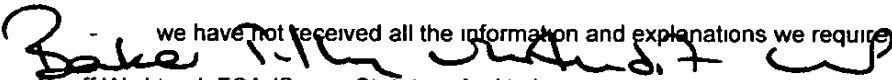
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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, 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, 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.


Geoff Wightwick FCA (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

29 June 2011

ALLIED HEALTHCARE GROUP LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

	Notes	2010 £	2009 £
Turnover	2	169,122,614	161,001,840
Cost of sales		(117,925,086)	(111,795,574)
Gross profit		<u>51,197,528</u>	<u>49,206,266</u>
Administrative expenses		(41,569,797)	(39,773,923)
Other operating income		58,203	79,345
Operating profit	3	<u>9,685,934</u>	<u>9,511,688</u>
Interest receivable and similar income		231,650	345,874
Interest payable and similar charges	6	-	(71,175)
Profit on ordinary activities before taxation		<u>9,917,584</u>	<u>9,786,387</u>
Tax on profit on ordinary activities	7	(2,082,918)	(957,536)
Profit for the financial year	17	<u><u>7,834,666</u></u>	<u><u>8,828,851</u></u>

There are no recognised gains and losses other than the profit or loss stated above and therefore no separate statement of total recognised gains and losses has been presented

All results have been derived from continuing operations

ALLIED HEALTHCARE GROUP LIMITED

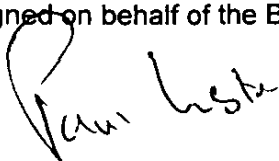
REGISTERED NO 1689856

**BALANCE SHEET
AS AT 30 SEPTEMBER 2010**

	Notes	2010 £	2009 £
Fixed assets			
Intangible assets	8	4,380,792	6,068,547
Tangible assets	9	5,027,798	4,871,129
Investments	10	4,143,426	-
		<u>13,552,016</u>	<u>10,939,676</u>
Current assets			
Debtors	11	32,170,069	27,826,566
Cash at bank and in hand		23,985,730	21,956,101
		<u>56,155,799</u>	<u>49,782,667</u>
Creditors:			
amounts falling due within one year	12	(16,856,954)	(15,935,627)
Net current assets		<u>39,298,845</u>	<u>33,847,040</u>
Creditors amounts due after one year	13	(195,040)	-
Provisions for liabilities	14	(763,363)	(728,924)
Net assets		<u>51,892,458</u>	<u>44,057,792</u>
Capital and reserves			
Called up share capital	16	86,654	86,654
Profit and loss account	17	51,805,804	43,971,138
Total equity shareholders' funds	15	<u>51,892,458</u>	<u>44,057,792</u>

These financial statements were approved by the Board of Directors and authorised for issue on 24TH JUNE 2011

Signed on behalf of the Board of Directors by



P Weston

Director

ALLIED HEALTHCARE GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards and law in the United Kingdom. A summary of the more important policies, which have been applied consistently in the current and prior years, is set out below.

Basis of accounting

The accounts are prepared in accordance with the historical cost convention.

Consolidation

The financial statements present information about the company as an individual undertaking and not about its group. Consolidated financial statements have not been prepared this year as the company is exempt under the provisions of s400 CA2006 from the requirement to prepare such accounts, as it is a wholly owned subsidiary of Allied Healthcare Group Holdings Limited and is included in the consolidated accounts of that company.

Goodwill

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. The directors consider the appropriate economic life of the goodwill depending on the nature of the business and amortise over a period of five to twenty years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

A provision for contingent consideration is included only when it is probable that a transfer of economic benefit is anticipated. Each year the estimate of the amount payable is reviewed and adjusted against goodwill until final settlement is made.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition, less any provision for impairment.

Depreciation is calculated so as to write off the cost, or valuation, of fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold improvements	Over term of lease
Computer equipment	3 to 5 years
Office equipment	4 years
Fixtures and fittings	3 to 7 years

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by the relevant accounting standards.

Operating Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the term of the lease.

Investments

Investments are stated at cost less provision for any impairment in value in the company balance sheet.

Turnover

Turnover, which excludes VAT and trade discounts, represents amounts receivable for services provided in the period for which the company has a right to consideration. Turnover is derived entirely in the UK from the provision of healthcare services.

Pension costs and other post retirement benefits

The company makes contributions to the personal pension schemes of certain employees. The amount charged against profits represents the contributions payable to these schemes in respect of the accounting period.

ALLIED HEALTHCARE GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

1 Principal accounting policies (continued)

Share Based payments

The company has applied the requirements of FRS 20 Share-based payments. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments on or after 7 November 2002 that were not vested as of 1 January 2006.

Options to purchase shares in the ultimate parent company, Allied Healthcare International Inc, are issued to certain employees. Equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest, and is charged via inter-company account by the ultimate parent to the company.

The fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model was determined using the simplified method as management does not believe it has sufficient historical stock option exercise experience upon which to base the expected term.

Provisions

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Taxation

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at dates expected to apply when they crystallise based on current tax rates and law.

Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in financial statements.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Cashflow statement

The company is a wholly owned subsidiary of Omnicare Limited and is included in the consolidated financial statements of Allied Healthcare Group Holdings Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard No 1 (revised 1996).

Going concern

The company has significant cash balances at the year end, together with secure medium to long term contracts with a number of its customers who are spread over a wide geographical area of the United Kingdom. The provision of our services to customers is carried out by a large number of individuals, and the group is, accordingly, not reliant on any one individual supplier or customer. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the ongoing reduction in public spending due to the UK government's budget tightening initiatives.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

ALLIED HEALTHCARE GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

2 Turnover

The turnover for the year was derived from the company's principal activity. The whole of the turnover is attributable to the UK market.

3 Operating Profit

	2010 £	2009 £
Operating profit is stated after charging/(crediting)		
Staff costs including share based payments charge (note 4)	24,612,555	22,632,179
Share based payment charge (note 22)	90,624	83,964
Auditor's remuneration - audit services	23,000	29,500
- non-audit services	-	-
Depreciation of tangible fixed assets (note 9)	1,866,651	1,669,459
Loss on disposal of fixed assets	22,280	13,128
Operating Lease Rentals		
Office Equipment	38,944	38,823
Land and Buildings	1,852,209	1,781,823
Amortisation of intangible fixed assets (note 8)	<u>1,687,755</u>	<u>1,976,888</u>

4 Employee information

The average monthly number of persons (including executive directors but excluding nurses and healthcare workers) employed by the company during the year was

	2010 No	2009 No
By activity		
Sales and distribution	689	616
Administration	387	350
	<u>1,076</u>	<u>966</u>
Staff costs (for the above persons)	£	£
Wages and salaries	22,283,026	20,469,445
Social security costs	2,164,090	2,028,181
Other pension costs	165,439	134,553
	<u>24,612,555</u>	<u>22,632,179</u>

ALLIED HEALTHCARE GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

5 Directors' emoluments

	2010 £	2009 £
Aggregate emoluments	767,108	620,641
Compensation for loss of office	62,500	-
Pension contributions by the company to employees' personal pension schemes	82,097	66,514
	<u>911,705</u>	<u>687,155</u>

There are no retirement benefits accruing to directors (2009 Nil) under defined benefit pension schemes

	2010 £	2009 £
Highest paid director:		
Aggregate emoluments	306,805	281,800
Pension contributions made by the company	32,688	32,209
	<u>339,493</u>	<u>314,009</u>

6 Interest payable and similar charges

	2010 £	2009 £
Invoice discounting facility	-	6,000
Interest payable on acquisition settlement	-	65,175
	<u>-</u>	<u>71,175</u>

ALLIED HEALTHCARE GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

7 Tax on profit on ordinary activities

	2010 £	2009 £
(a) The taxation charge is made up as follows		
Current UK corporation tax		
Current year	1,977,359	937,392
Under provided in previous years	21,369	31,509
	<u>1,998,728</u>	<u>968,901</u>
Deferred taxation		
Origination and reversal of timing differences on operations	168,227	159,971
Adjustment in respect of prior years	(84,037)	(171,336)
	<u>2,082,918</u>	<u>957,536</u>
(b) Factors affecting the current tax charge		
Profit on ordinary activities before tax	<u>9,917,584</u>	<u>9,786,387</u>
Profit on ordinary activities at the standard rate of UK corporation tax (28%)	2,776,924	2,740,188
Amortisation of goodwill	134,742	202,787
Expenses not deductible for tax purposes	160,657	87,576
UK-UK transfer pricing adjustment	188,278	211,753
Accelerated capital allowances	(72,750)	(16,970)
Tax losses received from other group companies for no consideration	(1,153,909)	(2,126,817)
Tax under provided in previous years	21,369	31,509
Other short-term timing differences	(56,583)	(161,125)
	<u>1,998,728</u>	<u>968,901</u>
(c) Deferred tax is included in the balance sheet on depreciation in advance of capital allowances and other short term timing differences as follows		
Asset	<u>(743,826)</u>	<u>(829,427)</u>
(d) Deferred tax is included in the balance sheet on the following items		
Depreciation in advance of capital allowances	(431,716)	(568,341)
Short-term timing differences	(312,110)	(259,674)
	<u>(743,826)</u>	<u>(828,015)</u>
(e) Deferred tax movement in the year to 30 September 2010		
At 1 October 2009 - asset		(828,015)
Originated/(reversed) in the year		84,189
At 30 September 2010 - asset		<u>(743,826)</u>

ALLIED HEALTHCARE GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

8 Intangible fixed assets

	Goodwill £
Cost	
At 1 October 2009 and 30 September 2010	<u>26,000,940</u>
Amortisation	
At 1 October 2009	19,932,393
Charge for the period	<u>1,687,755</u>
At 30 September 2010	<u>21,620,148</u>
Written down value	
At 30 September 2010	<u>4,380,792</u>
At 30 September 2009	<u>6,068,547</u>

9 Tangible fixed assets

	Office Equipment £	Fixtures and Fittings £	Motor Vehicles £	Leasehold Improvements £	Computer Equipment £	Total £
Cost						
At 1 October 2009	375,132	1,622,156	3,625	650,546	8,307,704	10,959,163
Additions	400,432	215,085	-	160,117	1,309,439	2,085,073
Disposals	(118,386)	(16,843)	-	(8,570)	(143,170)	(286,969)
At 30 September 2010	<u>657,178</u>	<u>1,820,398</u>	<u>3,625</u>	<u>802,093</u>	<u>9,473,973</u>	<u>12,757,267</u>
Depreciation						
At 1 October 2009	133,694	948,910	3,625	455,051	4,546,754	6,088,034
Charge for the period	129,634	178,387	-	160,899	1,397,731	1,866,651
Disposals	(69,548)	(4,386)	-	(16,881)	(134,401)	(225,216)
At 30 September 2010	<u>193,780</u>	<u>1,122,911</u>	<u>3,625</u>	<u>599,069</u>	<u>5,810,084</u>	<u>7,729,469</u>
Net book value						
At 30 September 2010	<u>463,398</u>	<u>697,487</u>	<u>-</u>	<u>203,024</u>	<u>3,663,889</u>	<u>5,027,798</u>
At 30 September 2009	<u>241,438</u>	<u>673,246</u>	<u>-</u>	<u>195,495</u>	<u>3,760,950</u>	<u>4,871,129</u>

ALLIED HEALTHCARE GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

10 Fixed assets investments

	Subsidiary Undertakings £
Cost at 1 October 2009	-
Addition	4,143,426
Cost at 30 September 2010	4,143,426
Provision for impairment	-
Net book value at 30 September 2010	4,143,426

On 14 May 2010 the company acquired a shareholding in a group of businesses commonly known as Homecare Independent Living Group, which has operations in Ireland. A 50.1% shareholding in L&B (No 182) Limited was acquired, the holding company of the entities that make up the group.

Investments are in respect of the following active companies

Name	Country of incorporation	Class of Holding	Proportion Held	Aggregate Capital & Reserves £	Results for the year £	Nature of business
Allied Healthcare Australia Pty Ltd	Australia	Ordinary Shares	100.0%	£ 260,385	£ 23,505	Provision of Healthcare Services
L&B No (182) Limited	UK	Ordinary Shares	50.1%	£ 353,262	£ 326,836	Provision of Healthcare Services
* Homecare (Northern Ireland) Ltd	UK	Ordinary Shares	50.1%	£ 167,009	£ 86,930	Provision of healthcare & housing services
* Homecare & Health Services (Ireland) Limited	ROI	Ordinary Shares	50.1%	£ 475,813	£ 199,181	Provision of Healthcare Services
* Homecare Support Services Limited	UK	Ordinary Shares	50.1%	£ 57,240	£ 40,725	Provision of Healthcare Services

* Indirect holding through subsidiary

11 Debtors

	2010 £	2009 £
Trade debtors	11,819,275	12,306,208
Amounts owed by other group companies	10,635,082	6,703,427
Deferred tax (see note 7)	743,826	829,427
Other debtors	208,306	81,146
Prepayments and accrued income	8,763,580	7,906,358
	<u>32,170,069</u>	<u>27,826,566</u>

The deferred tax asset of £ 743,826 (2009 £ 828,015) is recoverable in more than one year

12 Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	826,328	719,975
Amounts owed to other group companies	500,517	561,395
Corporation tax	1,391,421	332,860
Other taxation and social security	2,653,947	2,894,528
Other creditors	1,041,814	1,438,900
Accruals and deferred income	10,442,927	9,987,969
	<u>16,856,954</u>	<u>15,935,627</u>

ALLIED HEALTHCARE GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

13 Creditors' amounts falling due after one year

	2010 £	2009 £
Trade creditors	195,040	-
	<u>195,040</u>	<u>-</u>

14 Provisions for liabilities

	Call Monitoring £	Property Delapidations £	Total £
At 1 October 2009	465,760	263,164	728,924
Arising during the year	19,803	41,208	61,011
Utilised during the year	-	(26,572)	(26,572)
At 30 September 2010	<u>485,563</u>	<u>277,800</u>	<u>763,363</u>

Call Monitoring

A provision is recognised for expected call monitoring claims for the last 2 years. It is expected that most of these costs will be recognised during the next financial year and that all will have been incurred within 2 years of the balance sheet date.

Property dilapidations

Provision has been made for property dilapidations relating to the company's leased office premises using a 3 year lease term.

15 Reconciliation of movement in equity shareholders' funds

	2010 £	2009 £
Opening equity shareholders' funds	44,057,792	35,228,941
Profit for the financial year	7,834,666	8,828,851
Closing equity shareholders' funds	<u>51,892,458</u>	<u>44,057,792</u>

16 Called up share capital

	2010		2009	
	No of shares	£	No of shares	£
Authorised				
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid				
86,654 Ordinary shares of £1 each	<u>86,654</u>	<u>86,654</u>	<u>86,654</u>	<u>86,654</u>

17 Profit and loss account

	£
At 1 October 2009	43,971,138
Retained profit for the year	7,834,666
At 30 September 2010	<u>51,805,804</u>

ALLIED HEALTHCARE GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

18 Operating lease commitments

Annual financial commitments under non-cancellable operating leases in the following categories expiring

	2010		2009	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Within one year	302,159	5,262	410,570	8,348
Within two to five years	1,037,190	-	962,193	-
After five years	95,825	35,240	76,054	35,240
Total	<u>1,435,174</u>	<u>40,502</u>	<u>1,448,817</u>	<u>43,588</u>

19 Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard No 8 not to disclose transactions with group entities as it is a wholly owned subsidiary included within consolidated accounts that are publically available

20 Parent undertakings and controlling party

The immediate parent company is Omnicare Limited, a company incorporated in Great Britain

The parent undertaking of the smallest group of undertakings for which consolidated accounts are drawn up and of which the company is a member is Allied Healthcare Group Holdings Limited. Copies of the company's financial statements are available from Stone Business Park, Brooms Road, Stone, Staffordshire, ST15 0TL

The ultimate parent company and controlling party is Allied Healthcare International Inc, a company registered in the United States of America. This company is the parent undertaking of the largest group of undertakings for which consolidated accounts are drawn up and of which the company is a member. Copies of the company's financial statements are available from 245 Park Avenue, 39th Floor, New York, NY 10167, USA

21 Capital Commitments

The company had £390,080 of contractual obligations in respect of capital expenditure at 30 September 2010 (2009 £Nil)

ALLIED HEALTHCARE GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

22 Share based payment transactions

Equity-settled share option plan

The parent group plan provides for a grant price which is generally not less than the fair market value of the its shares on the date of the grant. The vesting period is generally 3 years. If options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options generally are forfeited if the employee leaves the group before exercising the options.

	2010		2009	
	Options	Weighted average exercise price (£)	Options	Weighted average exercise price (£)
Outstanding at 1 October	1,284,000	1.44	839,000	1.19
Granted during the year	583,000	1.66	776,000	1.36
Forfeited during the year	(226,000)	1.36	(331,000)	1.46
Exercised during the year	-	0.00	-	0.00
Expired during the year	-	0.00	-	0.00
Outstanding at 30 September	<u>1,641,000</u>	<u>1.52</u>	<u>1,284,000</u>	<u>1.44</u>
Exercisable at 30 September	<u>298,000</u>	<u>1.71</u>	<u>163,000</u>	<u>2.07</u>

Grant Date	Subscription price per share	Number of shares for which rights exercisable	Period over which options are exercisable
13-Nov-02	\$4.70	3,000	10 years
23-Mar-05	\$6.20	30,000	10 years
30-Sep-05	\$5.65	20,000	10 years
16-Oct-06	\$1.92	110,000	10 years
14-May-08	\$2.01	270,000	10 years
21-Apr-09	\$2.11	200,000	7 years
17-Jun-09	\$2.12	446,000	10 years
20-May-10	\$2.59	<u>562,000</u>	10 years
		1,641,000	

The options outstanding at 30 September 2010 had an exercise price between £1.23 and £3.98, and a weighted average remaining contractual life of 8.0 years.

The inputs into the Black Scholes model are as follows	2010	2009
Weighted average share price	1.66	1.36
Weighted average exercise price	1.66	1.36
Expected volatility	48.9%	52.2%
Expected life, in years	6.1	6.1
Risk free rate	2.0%	2.7%
Expected dividends	NIL	NIL

Expected volatility was determined by calculating the historical volatility of the Group's share price over the expected life. The expected life used in the model was determined using the simplified method.

The Group recognised total expenses of £90,624 (2009 £83,964) relating to the equity-settled share-based payment transactions.