

Registered number: 02825947

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**ABC DRUG STORES LIMITED**

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

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## **ABC DRUG STORES LIMITED**

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### **COMPANY INFORMATION**

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<b>DIRECTORS</b>	Mr K C Patel Jnr Mr P Cattee Dr C Parkhurst Mr J C Patel Jnr (appointed 5 December 2012)
<b>COMPANY SECRETARY</b>	Mr A R Patel
<b>REGISTERED NUMBER</b>	02825947
<b>REGISTERED OFFICE</b>	Lion House Red Lion Street London WC1R 4GB
<b>INDEPENDENT AUDITORS</b>	Saffery Champness Lion House Red Lion Street London WC1R 4GB
<b>BANKERS</b>	Lloyds TSB Bank plc 4th Floor 25 Gresham Street London EC2V 7HN
<b>SOLICITORS</b>	Vertex Law LLP 23 Kings Hill Avenue West Malling Kent ME19 4UA

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**ABC DRUG STORES LIMITED**

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**CONTENTS**

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	<b>Page</b>
<b>Directors' report</b>	<b>1 - 3</b>
<b>Independent auditors' report</b>	<b>4 - 5</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Notes to the financial statements</b>	<b>8 - 18</b>

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## ABC DRUG STORES LIMITED

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

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

#### PRINCIPAL ACTIVITIES

The principal activity of the company continued to be that of retail pharmacy

#### BUSINESS REVIEW

Since acquisition in November 2010 and the re-organisation and re-branding of the business, the directors have significantly improved profitability of the shops in the portfolio. Head office overhead costs have been reduced and this has resulted in an operating profit for the year of £0.90 (2012: £0.91m).

Turnover in the year finished at £23.2m (2012: £27.9m).

Gross margins increased by 2.0% to 29.9% in 2013 (2012: 27.9%) based on a gross profit of £6.9m for the year (2012: £7.8m).

Ongoing Government action continues to reduce reimbursement prices. The company has undertaken measures to mitigate the effect of this including enhanced purchasing and stock control processes and thorough appraisals of individual branch profitability.

#### Risks and outlook

Exposure to instability in the financial markets is highlighted as a risk area. 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 sector.

#### RESULTS

The loss for the year, after taxation, amounted to £79,041 (2012: profit £646,056).

#### DIRECTORS

The Directors who served during the year were

Mr K C Patel Jnr  
Mr P Cattee  
Dr C Parkhurst  
Mr J C Patel Jnr (appointed 5 December 2012)

#### POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company made the following payments	2013 £	2012 £
Charitable donations	3,643	-

#### PAYMENT POLICY

It is the company's policy to negotiate payment terms with its suppliers and pay in accordance with those terms for the forthcoming year.

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## **ABC DRUG STORES LIMITED**

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

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#### **EMPLOYEE INFORMATION**

The company 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 company. 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 company 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 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 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 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.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

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's auditors are 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's auditors are aware of that information.

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**ABC DRUG STORES LIMITED**

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

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**AUDITORS**

The auditors, Saffery Champness, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

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



**Mr K C Patel Jnr**  
Director

Date 21 November 2013

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## **ABC DRUG STORES LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ABC DRUG STORES LIMITED**

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We have audited the financial statements of ABC Drug Stores Limited for the year ended 31 March 2013, set out on pages 6 to 18. 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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As explained more fully in the Directors' responsibilities statement set out on pages 1 - 3, 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**

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 Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2013 and of its loss 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.

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**ABC DRUG STORES LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ABC DRUG STORES LIMITED**

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**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



Roger Wareham (Senior statutory auditor)

for and on behalf of  
**Saffery Champness**

Lion House  
Red Lion Street  
London  
WC1R 4GB

13 December 2013



**ABC DRUG STORES LIMITED**

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

	Note	2013 £	2012 £
<b>TURNOVER</b>	1,2	<b>23,233,495</b>	<b>27,982,809</b>
Cost of sales		<b>(16,293,108)</b>	<b>(20,162,709)</b>
<b>GROSS PROFIT</b>		<b>6,940,387</b>	<b>7,820,100</b>
Administrative expenses		<b>(6,146,043)</b>	<b>(6,971,181)</b>
Exceptional administrative expenses	8	<b>-</b>	<b>(17,187)</b>
Total administrative expenses		<b>(6,146,043)</b>	<b>(6,988,368)</b>
Other operating income	3	<b>102,929</b>	<b>80,062</b>
<b>OPERATING PROFIT</b>	4	<b>897,273</b>	<b>911,794</b>
<b>EXCEPTIONAL ITEMS</b>			
Net (loss)/profit on disposal of pharmacy branches	8	<b>(289,792)</b>	<b>593,028</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>607,481</b>	<b>1,504,822</b>
Interest receivable and similar income		<b>4,953</b>	<b>-</b>
Interest payable and similar charges	7	<b>(807,019)</b>	<b>(789,238)</b>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(194,585)</b>	<b>715,584</b>
Tax on (loss)/profit on ordinary activities	9	<b>115,544</b>	<b>(69,528)</b>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	18	<b>(79,041)</b>	<b>646,056</b>

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 8 to 18 form part of these financial statements

**ABC DRUG STORES LIMITED**  
**REGISTERED NUMBER: 02825947**

**BALANCE SHEET**  
**AS AT 31 MARCH 2013**

	Note	£	2013 £	£	2012 £
<b>FIXED ASSETS</b>					
Intangible assets	10		7,508,030		8,027,009
Tangible assets	11		907,419		986,663
			<u>8,415,449</u>		<u>9,013,672</u>
<b>CURRENT ASSETS</b>					
Stocks	12	1,427,596		1,604,903	
Debtors	13	5,540,296		5,690,913	
Cash at bank and in hand		58,136		61,278	
			<u>7,026,028</u>	<u>7,357,094</u>	
<b>CREDITORS:</b> amounts falling due within one year	14	(4,000,669)		(4,579,239)	
<b>NET CURRENT ASSETS</b>			<u>3,025,359</u>		<u>2,777,855</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>11,440,808</u>		<u>11,791,527</u>
<b>CREDITORS:</b> amounts falling due after more than one year	15		(17,413,305)		(17,684,983)
<b>NET LIABILITIES</b>			<u>(5,972,497)</u>		<u>(5,893,456)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		327,001		327,001
Profit and loss account	18		(6,299,498)		(6,220,457)
<b>SHAREHOLDERS' DEFICIT</b>	19		<u>(5,972,497)</u>		<u>(5,893,456)</u>

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



**Mr K C Patel Jnr**  
Director

Date 21 November 2013

The notes on pages 8 to 18 form part of these financial statements

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## ABC DRUG STORES LIMITED

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

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#### 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

The company had a deficit on its balance sheet reserves as at 31 March 2013. The key creditor and shareholder as detailed in note 21 has confirmed its continued financial support for the foreseeable future.

The directors are of the opinion that, on review of the financial position of the company and the continued financial support detailed above, they have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

##### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

##### 1.3 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

##### 1.4 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

A revenue recognition adjustment is made in respect of the estimated recovery of excess profit from NHS income paid through the Category M Pricing Policy in the following year.

##### 1.5 Retail pharmacy licences

The cost of acquiring retail pharmacy licences is subject to an annual impairment review by the directors in accordance with FRS 10. The directors consider that these have an indefinite life and are therefore not amortised.

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. 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.

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## ABC DRUG STORES LIMITED

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

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.6 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

Leasehold land and buildings	-	Over the life of the lease
Plant and machinery	-	25% per annum straight line
Fixtures, fittings and equipment	-	15% per annum reducing balance

##### 1.7 Operating leases

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

##### 1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

##### 1.9 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

##### 1.10 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

#### 2. TURNOVER

The whole of the turnover is attributable to be that of retail pharmacy

All turnover arose within the United Kingdom

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**ABC DRUG STORES LIMITED**

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

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**3. OTHER OPERATING INCOME**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Rent receivable	<b>102,929</b>	<b>80,062</b>

**4. OPERATING PROFIT**

The operating profit is stated after charging

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets		
- owned by the company	<b>192,297</b>	<b>210,878</b>
Operating lease rentals		
- plant and machinery	<b>-</b>	<b>15,079</b>
- other operating leases	<b>862,327</b>	<b>948,073</b>
Profit/loss on sale of tangible assets	<b>-</b>	<b>44,796</b>

During the year, no Director received any emoluments (2012 - £NIL)

**5. AUDITORS' REMUNERATION**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<b>16,750</b>	<b>13,250</b>
Fees payable to the Company's auditor and its associates in respect of		
All other non-audit services not included above	<b>8,750</b>	<b>-</b>

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**ABC DRUG STORES LIMITED**

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

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**6. STAFF COSTS**

Staff costs were as follows

	2013 £	2012 £
Wages and salaries	3,072,013	3,129,014
Social security costs	262,765	260,112
	<u>3,334,778</u>	<u>3,389,126</u>

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

	2013 No.	2012 No
Distribution and sales staff	<u>152</u>	<u>154</u>

**7. INTEREST PAYABLE**

	2013 £	2012 £
On bank loans and overdrafts	5,273	-
On other loans	800,571	786,359
On finance leases and hire purchase contracts	1,175	2,879
	<u>807,019</u>	<u>789,238</u>

**8. EXCEPTIONAL ITEMS**

	2013 £	2012 £
Disposal of pharmacy branches	289,792	593,028
Restructuring and refinancing costs of company operations	-	(17,187)
	<u>289,792</u>	<u>575,841</u>

**ABC DRUG STORES LIMITED**

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

**9. TAXATION**

	2013 £	2012 £
<b>Analysis of tax (credit)/charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on (loss)/profit for the year	8,203	69,528
Adjustments in respect of prior periods	(53,516)	-
<b>Total current tax</b>	<u>(45,313)</u>	<u>69,528</u>
<b>Deferred tax</b> (see note 16)		
Origination and reversal of timing differences	(70,231)	-
<b>Tax on (loss)/profit on ordinary activities</b>	<u>(115,544)</u>	<u>69,528</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2012 - *lower than*) the standard rate of corporation tax in the UK of 20% (2012 - 26%). The differences are explained below

	2013 £	2012 £
(Loss)/profit on ordinary activities before tax	<u>(194,585)</u>	<u>715,584</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2012 - 26%)	(38,917)	186,052
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,000	4,776
Capital allowances for year in excess of depreciation	(10,810)	(36,643)
Utilisation of tax losses	-	(83,972)
Adjustments to tax charge in respect of prior periods	(53,516)	-
Chargeable disposals	-	2,613
Other tax adjustments	53,930	(3,298)
<b>Current tax (credit)/charge for the year</b> (see note above)	<u>(45,313)</u>	<u>69,528</u>

Other tax adjustments reflect marginal rate relief

The company has estimated tax losses of £4,781,971 (2012 £4,778,619) available for carry forward against future trading profits.

As at 31 March 2013 a deferred tax asset existed in respect of losses carried forward of £1,099,853 (2012 £1,146,869), based on an expected future tax rate of 23% (2012 24%). The full deferred tax has not been recognised as the necessary conditions have not been met

**ABC DRUG STORES LIMITED**

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

**10. INTANGIBLE FIXED ASSETS**

	Retail pharmacy licences £
<b>Cost</b>	
At 1 April 2012	8,027,009
Additions	7,805
Disposals	(526,784)
At 31 March 2013	<u>7,508,030</u>
<b>Net book value</b>	
At 31 March 2013	<u>7,508,030</u>
At 31 March 2012	<u>8,027,009</u>

**11. TANGIBLE FIXED ASSETS**

	Leasehold Land and building £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>				
At 1 April 2012	448,266	312,748	1,543,594	2,304,608
Additions	-	-	148,984	148,984
Disposals	(73,906)	(131,484)	(20,715)	(226,105)
At 31 March 2013	<u>374,360</u>	<u>181,264</u>	<u>1,671,863</u>	<u>2,227,487</u>
<b>Depreciation</b>				
At 1 April 2012	260,764	294,307	762,874	1,317,945
Charge for the year	48,114	7,038	137,145	192,297
On disposals	(51,767)	(130,783)	(7,624)	(190,174)
At 31 March 2013	<u>257,111</u>	<u>170,562</u>	<u>892,395</u>	<u>1,320,068</u>
<b>Net book value</b>				
At 31 March 2013	<u>117,249</u>	<u>10,702</u>	<u>779,468</u>	<u>907,419</u>
At 31 March 2012	<u>187,502</u>	<u>18,441</u>	<u>780,720</u>	<u>986,663</u>

**12. STOCKS**

	2013 £	2012 £
Finished goods and goods for resale	<u>1,427,596</u>	<u>1,604,903</u>



**ABC DRUG STORES LIMITED**

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

**13. DEBTORS**

	2013 £	2012 £
Trade debtors	3,375,950	3,814,853
Amounts owed by group undertakings	16,796	-
Corporation tax	-	391,723
Other debtors	1,575,277	825,018
Prepayments and accrued income	184,817	342,094
Deferred tax asset (see note 16)	387,456	317,225
	<u>5,540,296</u>	<u>5,690,913</u>

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

	2013 £	2012 £
Bank loans and overdrafts	338,817	725,364
Trade creditors	2,611,863	2,959,373
Corporation tax	24,215	-
Other taxation and social security	69,679	69,058
Other creditors	411,248	315,681
Accruals and deferred income	544,847	509,763
	<u>4,000,669</u>	<u>4,579,239</u>

The bank overdraft is secured by way of a fixed and floating charge over the company's assets and a specific charge over the leasehold property and other assets of various pharmacy branches operated

**15. CREDITORS.  
Amounts falling due after more than one year**

	2013 £	2012 £
Other loans	<u>17,413,305</u>	<u>17,684,983</u>

Included within the above are amounts falling due as follows

	2013 £	2012 £
<b>Over five years</b>		
Other loans	<u>17,413,305</u>	<u>17,684,983</u>

**ABC DRUG STORES LIMITED**

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

**15. CREDITORS:**

**Amounts falling due after more than one year (continued)**

Creditors include amounts not wholly repayable within 5 years as follows

	2013 £	2012 £
Repayable other than by instalments	17,413,305	17,684,983

**16. DEFERRED TAX ASSET**

	2013 £	2012 £
At beginning of year	317,225	317,225
Movement during year (P&L)	70,231	-
At end of year	387,456	317,225

The deferred tax asset is made up as follows

	2013 £	2012 £
Accelerated capital allowances	23,356	(48,249)
Tax losses carried forward	(410,812)	(268,976)
	(387,456)	(317,225)

**17. SHARE CAPITAL**

	2013 £	2012 £
<b>Allotted, called up and fully paid</b>		
327,000 Ordinary shares of £1 each	327,000	327,000
1 Ordinary A share of £1	1	1
	327,001	327,001

The ordinary shares have full rights attached to them The Ordinary A shares has a voting right only

**ABC DRUG STORES LIMITED**

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

**18. RESERVES**

	Profit and loss account £
At 1 April 2012	(6,220,457)
Loss for the financial year	(79,041)
At 31 March 2013	<u>(6,299,498)</u>

**19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT**

	2013 £	2012 £
Opening shareholders' deficit	(5,893,456)	(6,539,512)
(Loss)/profit for the financial year	(79,041)	646,056
Closing shareholders' deficit	<u>(5,972,497)</u>	<u>(5,893,456)</u>

**20. OPERATING LEASE COMMITMENTS**

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

	Land and buildings 2013 £	2012 £
<b>Expiry date:</b>		
Within 1 year	40,500	20,000
Between 2 and 5 years	313,487	540,550
After more than 5 years	<u>431,052</u>	<u>409,552</u>

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## ABC DRUG STORES LIMITED

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

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#### 21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group

During the year the following transactions occurred with Day Lewis Plc and its subsidiaries of which K C Patel, a director, has a controlling interest

The company made sales to and received other income of £121,616 (2012 £161,411) from Day Lewis Plc and paid £250,000 (2012 £250,000) in respect of management charges for accountancy, book keeping and general administration work carried out at their offices on behalf of the company. The company was also recharged £629,346 (2012 £887,734) in respect of expenses paid by Day Lewis Plc on behalf of the company. At the balance sheet date £59,993 (2012 -£78,709) was receivable from Day Lewis Plc for other expenses paid on behalf of the company.

The company sold goods of £1,144,796 (2012 £2,373,023) to Day Lewis Medical Limited and purchased goods from Day Lewis Medical Limited of £5,980,711 (2012, £6,620,548). The company was also recharged £72,344 (2012 £91,806) in respect of expenses paid by Day Lewis Medical Limited on behalf of the company. At the balance sheet date £65,294 (2012 £124,693) was payable to Day Lewis Medical Limited.

The company was recharged £58,942 (2012 £49,444) in respect of expenses paid by Day Lewis Chemists Limited on behalf of the company. At the balance sheet date £37,794 (2012 £3,769) was payable to Day Lewis Chemists Limited.

The company paid expenses on behalf of Tayzana Limited of £4,378 (2012 £1,078). At the balance sheet date £2,076 (2012 £347) was due to the company.

The company paid rent to the following

Rupa Patel, K C Patel's daughter, £25,102 (2012 £nil)  
Joseph Cattee, P Cattee's son, £25,102 (2012 £nil)

The company made loan of £66,738 during the year to Rupa Patel, K C Patel's daughter and charged interest of £1,254. At the balance sheet date £67,992 (2012 £nil) was due to the company.

The company made loan of £66,738 during the year to Joseph Cattee, P Cattee's son and charged interest of £1,254. At the balance sheet date £67,992 (2012 £nil) was due to the company.

The company purchased goods of £128,346 (2012 £20,166) from Swingward Limited, a company in which K C Patel has a controlling interest. At the balance sheet date £30,995 (2012 £9,807) was payable to Swingward Limited.

#### 22. POST BALANCE SHEET EVENTS

In April 2013, the company completed the purchase of Medex Health Limited for £4.9m from Healthcare Drugstores Limited, a parent company.

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**ABC DRUG STORES LIMITED**

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

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**23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company's ultimate parent company is Healthcare Drugstores Limited, a company registered in England and Wales. It prepares group accounts which are available at Day Lewis House, 2 Peterwood Way, Croydon, Surrey, CR0 4UQ.