

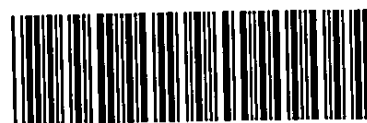
Registration number OC300097

A.E. PETERSEN B.PHARM. M.R.PHARM.S. LLP

Designated members' report and financial statements

for the period ended 30 September 2010

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A.E. PETERSEN B.PHARM. M.R.PHARM.S. LLP

Limited Liability Partnership Information

Designated members	Alan Petersen Amanda Petersen
Company number	OC300097
Auditors	HSJ Audit and Assurance Chartered Accountants and Statutory Auditor Severn House Hazell Drive Newport South Wales NP10 8FY
Business address	1 & 2 Victoria Buildings High Street Abercarn South Wales NP11 5GS
Bankers	The Royal Bank of Scotland PLC Hereford Branch 51 Broad Street Hereford HR4 9AP
Solicitors	Gilbert Stephens 15-17 Southernhay East Exeter EX1 1QE

A.E. PETERSEN B.PHARM. M.R.PHARM.S. LLP

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A.E. PETERSEN B.PHARM. M.R.PHARM.S. LLP

**Designated members' report
for the period ended 30 September 2010**

The designated members present their report and the financial statements for the period ended 30 September 2010

Principal activity and review of the business

The principal activity of the business is that of retail and wholesale pharmacy. The trade and assets of the limited liability partnership were incorporated as a going concern at the end of the period.

The results of the business are fully disclosed in the attached audited financial statements which, in the opinion of the designated members, provide the informed reader with a balanced and comprehensive analysis of the development and performance of the business during the financial period, and of its position at the end of that period.

The profit for the period available for distribution to the designated members amounted to £258,187. In accordance with the partnership agreement, the profit will be distributed to the designated members in equal shares.

Financial Instruments

Details of the company's financial risk management objectives and policies are included in the notes to the accounts.

Future developments

The designated members continue to explore means of growing the business, both by acquisition of further pharmacies, and by organic growth.

Designated members

The designated members who served during the period are as stated below:

Alan Petersen
Amanda Petersen

Statement of designated members' responsibilities

The designated members are responsible for preparing the designated members' report and the financial statements in accordance with applicable law and regulations.

The Companies Act 2006, as applied to limited liability partnerships, requires the designated members to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the limited liability partnership and of its profit or loss for that period. In preparing these financial statements, the designated members are required to:

- select suitable accounting policies and apply them consistently, subject to any changes disclosed and explained in the financial statements,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the limited liability partnership will continue in business.

A.E. PETERSEN B.PHARM. M.R.PHARM.S. LLP

**Designated members' report
for the period ended 30 September 2010**

continued

The designated members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships. They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The designated members are responsible for the maintenance and integrity of the corporate and financial information included on the limited liability partnership's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the designated members are aware:

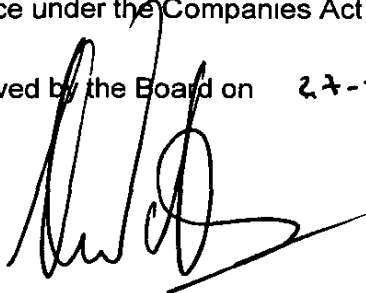
- there is no relevant audit information (information needed by the limited liability partnership's auditors in connection with preparing their report) of which the limited liability partnership's auditors are unaware, and
- the designated members have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the limited liability partnership's auditors are aware of that information.

Auditors

HSJ Audit and Assurance are deemed to be reappointed in accordance with an elective resolution made under Section 386(1) of the Companies Act 1985, as applied to limited liability partnerships, which continues in force under the Companies Act 2006, as applied to limited liability partnerships.

This report was approved by the Board on 27-9-11 and signed on its behalf by

Alan Petersen
Designated Member



**Independent auditor's report to the designated members of
A.E. PETERSEN B.PHARM. M.R.PHARM.S. LLP**

We have audited the financial statements of A E PETERSEN B PHARM M R PHARM S LLP for the period ended 30 September 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, and the related Notes. 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 limited liability partnership's designated members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006, as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership's designated 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 limited liability partnership and the limited liability partnership's designated members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of designated members and auditors

As explained more fully in the statement of designated members' responsibilities set out on page 1 - 2, the designated members 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 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 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 limited liability partnership's circumstances and have been consistently applied and adequately disclosed, and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the limited liability partnership's affairs as at 30 September 2010 and of its profit for the period 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, as applied to limited liability partnerships.

Opinion on other matters

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

**Independent auditor's report to the designated members of
A.E. PETERSEN B.PHARM. M.R.PHARM.S. LLP**

continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required 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
- we have not received all the information and explanations we require for our audit



**Mr Robyn Hughes (senior statutory auditor)
For and on behalf of HSJ Audit and Assurance
Chartered Accountants and
Statutory Auditor**

**Severn House
Hazell Drive
Newport
South Wales
NP10 8FY**

31 May 2011

A.E. PETERSEN B.PHARM. M.R.PHARM.S. LLP

**Profit and loss account
for the period ended 30 September 2010**

		Period ended 30/09/10	Year ended 31/12/09
	Notes	£	£
Turnover	2	7,325,004	8,996,830
Cost of sales		(5,932,373)	(7,176,667)
Gross profit		1,392,631	1,820,163
Administrative expenses		(1,085,033)	(1,348,748)
Other operating income		-	10,420
Operating profit	3	307,598	481,835
Other interest receivable and similar income	5	-	1
Interest payable and similar charges	6	(49,411)	(59,835)
Profit for the financial period before members' remuneration and profit shares, available for division amongst the members	14	258,187	422,001
 Average profit per member		129,094	211,001
Statement of total recognised gains and losses			
Profit for the financial period before members' remuneration and profit shares, available for division amongst the members		258,187	422,001
Unrealised movement on revaluation of property		45,000	-
Total recognised gains since last annual report		303,187	422,001

The notes on pages 8 to 17 form an integral part of these financial statements.

A.E. PETERSEN B.PHARM. M.R.PHARM.S. LLP

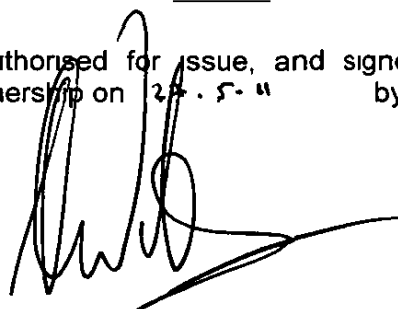
**Balance sheet
as at 30 September 2010**

		30/09/10		31/12/09	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	8		2,438,528		2,438,528
Tangible assets	9		552,902		530,635
			<u>2,991,430</u>		<u>2,969,163</u>
Current assets					
Stocks	10	582,001		648,785	
Debtors	11	1,276,425		738,429	
Cash at bank and in hand		11,186		250,880	
			<u>1,869,612</u>		<u>1,638,094</u>
Creditors: amounts falling due within one year	12	(1,941,633)		(1,807,508)	
Net current liabilities			<u>(72,021)</u>		<u>(169,414)</u>
Total assets less current liabilities			2,919,409		2,799,749
Creditors: amounts falling due after more than one year	13		(1,986,062)		(1,972,048)
Net assets			<u>933,347</u>		<u>827,701</u>
Members' interests					
Revaluation reserve	14		143,722		100,289
Loans due to designated members	15		789,625		727,412
Total members' interests	14		<u>933,347</u>		<u>827,701</u>

The financial statements were approved, authorised for issue, and signed on behalf of the designated members of the limited liability partnership on 24.5.11 by

Alan Petersen
Designated Member

Registration number OC300097



The notes on pages 8 to 17 form an integral part of these financial statements.

A.E. PETERSEN B.PHARM. M.R.PHARM.S. LLP

**Cash flow statement
for the period ended 30 September 2010**

	Notes	Period ended 30/09/10 £	Year ended 31/12/09 £
Reconciliation of operating profit to net cash (outflow) / inflow from operating activities			
Operating profit		307,598	481,835
Depreciation		34,711	60,284
Decrease / (increase) in stocks		66,784	(211,375)
(Increase) in debtors		(537,996)	(118,329)
Increase in creditors		75,359	588,855
Net cash (outflow) / inflow from operating activities		<u>(53,544)</u>	<u>801,270</u>
Cash flow statement			
Net cash (outflow) / inflow from operating activities		(53,544)	801,270
Returns on investments and servicing of finance	19	(49,411)	(59,834)
Capital expenditure	19	(13,544)	(16,180)
Amounts drawn by members		195,974	270,473
		<u>(312,473)</u>	<u>454,783</u>
Financing	19	44,725	(251,708)
(Decrease) / increase in cash in the period		<u>(267,748)</u>	<u>203,075</u>
Reconciliation of net cash flow to movement in net debt (Note 20)			
(Decrease) / increase in cash in the period		(267,748)	203,075
Cash (outflow from decrease) / inflow from increase in debts and lease financing		(44,725)	251,708
Change in net debt resulting from cash flows		(312,473)	454,783
Net debt at 1 January 2010		<u>(1,999,767)</u>	<u>(2,454,550)</u>
Net debt at 30 September 2010		<u>(2,312,240)</u>	<u>(1,999,767)</u>

A.E. PETERSEN B.PHARM. M.R.PHARM.S. LLP

**Notes to the financial statements
for the period ended 30 September 2010**

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets and financial instruments, and in accordance with applicable accounting standards

Where the requirements of the financial reporting standards of the Accounting Standards Board are at variance with those of the Companies Act 2006, then, in accordance with customary practice within the United Kingdom, statute is held to prevail, and the requirements of the Companies Act 2006 are given precedence

1.2. Turnover

Turnover represents amounts derived from ordinary activities, and is stated net of trade discounts, Value Added Tax, and other sales taxes

Pharmacy sales are recognised at the point of approval by the Local Health Board

Retail sales are recognised at the over the counter point of sale

Wholesale sales are recognised at the point of despatch

1.3. Goodwill

FRS10 contains the presumption that the useful economic life of goodwill does not normally exceed twenty years. However, in the opinion of the designated members, goodwill in the retail pharmaceutical business attaches to the NHS Dispensing Contracts held and is more durable owing to the stability of the market in which the business operates, therefore the members have assigned to goodwill an indefinite useful economic life. However, the Companies Act 2006 as applied to limited liability partnerships requires goodwill to be amortised over a finite period, so in deciding to not amortise goodwill, the members have adopted the override permitted by that Act in order to present a true and fair view

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows

Freehold land	-	not depreciated
Freehold buildings	-	2% straight line
Fixtures, fittings and equipment	-	25% straight line
Motor vehicles	-	25% straight line

A.E. PETERSEN B.PHARM. M.R.PHARM.S. LLP

**Notes to the financial statements
for the period ended 30 September 2010**

continued

1.5. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. 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 constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6. Stock

Stock is valued at the lower of cost and net realisable value. Any expired stock is completely excluded from the count.

Pharmaceuticals are valued at discounted list price.

Other goods for resale are valued at retail price less discounted margin.

1.7. Members' shares of profits

Members' allocated shares of profits are credited to loans and other debts due to members.

A.E. PETERSEN B.PHARM. M.R.PHARM.S. LLP

**Notes to the financial statements
for the period ended 30 September 2010**

continued

1.8. Financial instruments

Goodwill

Goodwill, representing the costs of acquisition of pharmacies, is initially stated at cost. Annual impairment reviews are undertaken in relation to the trading potential attaching to each pharmacy. Where appropriate, goodwill is written down to the higher of its value-in-use or recoverable amount.

Trade and other debtors

Trade and other debtors are recognised and carried at their recoverable amounts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand.

Interest-bearing loans and borrowings

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received.

Trade and other creditors

Trade and other creditors are recognised at invoiced cost or otherwise at the historic value of the consideration received.

2. Turnover

In the opinion of the members, the requirement to disclose turnover attributable to each class of business or geographical market would be seriously prejudicial to the interests of the limited liability partnership.

3. Operating profit

	Period ended 30/09/10 £	Year ended 31/12/09 £
Operating profit is stated after charging		
Depreciation		
- written off owned tangible fixed assets	21,901	32,025
- written off tangible fixed assets on HP/Finance lease	12,569	27,459
Loss on disposal of tangible fixed assets	241	800
Operating leases - land and buildings	47,000	47,000
Auditors' remuneration (Note 4)	4,500	4,000
and after crediting		
Release of revaluation reserve	2,089	2,089

A.E. PETERSEN B.PHARM. M.R.PHARM.S. LLP

**Notes to the financial statements
for the period ended 30 September 2010**

continued

4. Auditors' remuneration

	Period ended 30/09/10 £	Year ended 31/12/09 £
Auditors' remuneration - audit of the financial statements	<u>4,500</u>	<u>4,000</u>

5. Interest receivable and similar income

	Period ended 30/09/10 £	Year ended 31/12/09 £
Bank interest	<u>-</u>	<u>1</u>

6. Interest payable and similar charges

	Period ended 30/09/10 £	Year ended 31/12/09 £
Bank loan interest	43,834	53,217
Hire purchase interest	<u>5,577</u>	<u>6,618</u>
	<u>49,411</u>	<u>59,835</u>

A.E. PETERSEN B.PHARM. M.R.PHARM.S. LLP

**Notes to the financial statements
for the period ended 30 September 2010**

continued

7. Employees

	Period ended 30/09/10	Year ended 31/12/09
Number of employees		
The average monthly numbers of employees (including the designated members) during the period were		
Pharmacy and retail	54	50
Wholesale	3	1
Administration	2	2
	<u>59</u>	<u>53</u>
Employment costs	30/09/10	31/12/09
	£	£
Wages and salaries	617,135	745,817
Social security costs	51,950	63,620
	<u>669,085</u>	<u>809,437</u>

8. Intangible fixed assets

	Goodwill £	Total £
Cost		
At 1 January 2010	2,438,528	2,438,528
At 30 September 2010	<u>2,438,528</u>	<u>2,438,528</u>
Net book values		
At 30 September 2010	<u>2,438,528</u>	<u>2,438,528</u>
At 31 December 2009	<u>2,438,528</u>	<u>2,438,528</u>

A.E. PETERSEN B.PHARM. M.R.PHARM.S. LLP

**Notes to the financial statements
for the period ended 30 September 2010**

continued

9. Tangible fixed assets	Land and buildings freehold	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 January 2010	368,244	246,837	121,915	736,996
Additions	-	8,294	7,750	16,044
Revaluation	45,000	-	-	45,000
Disposals	-	-	(7,224)	(7,224)
At 30 September 2010	<u>413,244</u>	<u>255,131</u>	<u>122,441</u>	<u>790,816</u>
Depreciation				
At 1 January 2010	23,648	126,793	55,920	206,361
On disposals	-	-	(4,483)	(4,483)
Charge for the period	8,868	13,921	13,247	36,036
At 30 September 2010	<u>32,516</u>	<u>140,714</u>	<u>64,684</u>	<u>237,914</u>
Net book values				
At 30 September 2010	<u>380,728</u>	<u>114,417</u>	<u>57,757</u>	<u>552,902</u>
At 31 December 2009	<u>344,596</u>	<u>120,044</u>	<u>65,995</u>	<u>530,635</u>

The freehold land and buildings were revalued on an open market basis by Christie & Co on 09 September 2010. Had they not been revalued, the freehold land and buildings would have been stated at their depreciated historical cost of £187,528 (2009 £189,711)

In computing depreciation on freehold buildings, a notional value has been attached to the freehold land of £50,000 (2009 £50,000)

Included above are assets held under finance leases or hire purchase contracts as follows

Asset description	30/09/10		31/12/09	
	Net book value	Depreciation charge	Net book value	Depreciation charge
	£	£	£	£
Motor vehicles	<u>55,336</u>	<u>12,569</u>	<u>60,155</u>	<u>27,459</u>
10. Stocks			30/09/10	31/12/09
			£	£
Finished goods and goods for resale			<u>582,001</u>	<u>648,785</u>

A.E. PETERSEN B.PHARM. M.R.PHARM.S. LLP

**Notes to the financial statements
for the period ended 30 September 2010**

continued

11. Debtors	30/09/10	31/12/09
	£	£
Trade debtors	1,122,870	634,925
Other debtors	106,909	80,424
Prepayments and accrued income	46,646	23,080
	<u>1,276,425</u>	<u>738,429</u>
12. Creditors: amounts falling due within one year	30/09/10	31/12/09
	£	£
Bank overdraft	28,054	-
Bank loan	287,340	256,403
Net obligations under finance leases and hire purchase contracts	21,970	22,196
Trade creditors	1,574,208	1,480,377
Other taxes and social security costs	16,687	41,532
Accruals and deferred income	13,374	7,000
	<u>1,941,633</u>	<u>1,807,508</u>

Secured creditors falling due within one year comprise bank loans and overdrafts of £315,394 (2009 £256,403) and obligations under hire purchase contracts of £21,970 (2009 £22,196)

A.E. PETERSEN B.PHARM. M.R.PHARM.S. LLP

**Notes to the financial statements
for the period ended 30 September 2010**

continued

13. Creditors: amounts falling due after more than one year	30/09/10 £	31/12/09 £
Bank loan	1,954,409	1,929,212
Net obligations under finance leases and hire purchase contracts	31,653	42,836
	<u>1,986,062</u>	<u>1,972,048</u>
Loans		
Repayable in one year or less, or on demand (Note 12)	287,340	256,403
Repayable between one and two years	287,340	256,403
Repayable between two and five years	862,020	769,210
Repayable in five years or more - by instalments	805,049	903,599
	<u>2,241,749</u>	<u>2,185,615</u>

Secured creditors falling due after more than one year comprise bank loans of £1,954,409 (2009 £1,929,212) and obligations under hire purchase contracts of £31,653 (2009 £42,836)

The principal bank loan is repayable quarterly by instalments. Interest accrues on a daily basis and is payable quarterly at the bank LIBOR rate. A smaller bank loan is repayable monthly by instalments. Interest accrues on a daily basis and is payable quarterly at the bank base rate.

14. Total members' interests	Revaluation reserve £	Loans due to members £	Total £
At 1 January 2010	100,289	727,412	827,701
Revaluation of property	45,000		45,000
Profit for the period		258,187	258,187
Release to profit and loss	(1,567)	-	(1,567)
Net drawings		(195,974)	(195,974)
At 30 September 2010	<u>143,722</u>	<u>789,625</u>	<u>933,347</u>

A.E. PETERSEN B.PHARM. M.R.PHARM.S. LLP

**Notes to the financial statements
for the period ended 30 September 2010**

continued

15. Loans due to designated members	30/09/10	31/12/09
	£	£
At 1 January 2010	727,412	575,884
Profit for the period	258,187	422,001
Introduced	15,566	12,828
Drawings	(211,540)	(283,301)
At 30 September 2010	<u>789,625</u>	<u>727,412</u>

16. Financial commitments

At 30 September 2010 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	30/09/10	31/12/09
	£	£
Expiry date:		
Between one and five years	<u>47,000</u>	<u>47,000</u>

17. Related party transactions

During the period, three pharmacies were run from premises owned by the designated members, AE Petersen and AJ Petersen. In lieu of rent, the designated members charged the limited liability partnership with bank loan interest suffered by them on qualifying loans used to finance the purchase of the premises. The amount so charged amounted to £18,104 (2009 £12,828).

18. Controlling interest

The controlling parties may be regarded as the designated members, Mr Alan Petersen and Mrs Amanda Petersen.

A.E. PETERSEN B.PHARM. M.R.PHARM.S. LLP

**Notes to the financial statements
for the period ended 30 September 2010**

continued

19. Gross cash flows

	30/09/10	31/12/09
	£	£
Returns on investments and servicing of finance		
Interest received	-	1
Interest paid	(49,411)	(59,835)
	<u>(49,411)</u>	<u>(59,834)</u>
Capital expenditure		
Payments to acquire tangible assets	(16,044)	(17,180)
Receipts from sales of tangible assets	2,500	1,000
	<u>(13,544)</u>	<u>(16,180)</u>
Financing		
New long term bank loan	160,081	-
New hire purchase contracts	7,750	15,380
Repayment of long term bank loan	(103,947)	(246,474)
Capital element of hire purchase contracts	(19,159)	(20,614)
	<u>44,725</u>	<u>(251,708)</u>

20. Analysis of changes in net debt

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	250,880	(239,694)		11,186
Overdrafts	-	(28,054)		(28,054)
	<u>250,880</u>	<u>(267,748)</u>		<u>(16,868)</u>
Debt due within one year	(256,403)	-	(30,937)	(287,340)
Debt due after one year	(1,929,212)	(56,134)	30,937	(1,954,409)
Hire purchase contracts	(65,032)	11,409	-	(53,623)
	<u>(2,250,647)</u>	<u>(44,725)</u>	<u>-</u>	<u>(2,295,372)</u>
Net debt	<u>(1,999,767)</u>	<u>(312,473)</u>	<u>-</u>	<u>(2,312,240)</u>