**The Explanatory Note**

**To the Balance Sheet and to the Profit and Loss Report of**

**OOO Nordmedservis**

**for 2009**

Limited liability company Nordmedservis is located in Murmansk, Lenin avenue 95. The company is registered on the 11th of January 1996. The size of an authorized capital stock makes 40 000 RUB.

The only company’s participant Kovalev Igor Viktorovich carries his functions personally.

In accounting year the company’s charter hasn’t been changed. The company is going to bring its documents into accord with the current legislation by the first change of the charter in 2010.

As for organization order OOO Nordmedservis consists of the following departments and divisions:

* management personnel;
* department of wholesales;
* retail network.

**Accounting policy**

The accounting reporting has been formed in accordance with currently accounting rules in force in the Russian Federation.

1. Receipts from selling of goods (work, services) is determined in accordance with shipping of products (work, services) and submitting accounting documents to buyers.
2. Receipts from granting of property on lease in 2009 are considered/stock as a part of incomes from usual kinds of activity.
3. Amortization of the basic means and intangible assets is estimated by linear way.
4. Inventories by writing-off are estimated by the following way:

* goods, sold in retail trade – at market price with calculation of the realized mercantile addition to price on average percent, separately by groups of goods;
* other inventories at actual cost.

1. Transportation procurement expenses are considered as a part of incomes of accounting period as sold goods.
2. Distribution costs are considered as expenses of accounting period in full.
3. The leased basic means are considered by estimation of the rent determined by contract, failing it – at cost determined by insurance contract.

The company is going to change its accounting policy in relation to estimation of inventories sold in retail trade by their writing off. In 2010 all inventories will be estimated at cost price. Other essential changes in accounting policy are not planned.

Because of changes in accounting policy in period between annual reports the company will make a correction towards reduction of the second section of the balance sheet in the line No. 214 as well as of the third section in the line No. 470 to the amount of 2 663 000 RUB.

**The characteristic of activity of the enterprise**

Subject of activity of the enterprise is trade of the pharmaceutical goods, medical equipment and wares on the territory of Murmansk and Murmansk region. The main part of incomes comes from retail trade, incomes of wholesales include the considerable part of selling by state contracts and social programs services.

Table No.1

**Structure of incomes from the usual kinds of activity**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Indicator | 2008  (thousands RUB) | 2009  (thousands RUB) | Increase  (%) | Share in total amount 2008  (%) | Share in total amount 2009  (%) |
| Receipts in all, including | 738 861 | 913 186 | 24 | 100,0 | 100,0 |
| Retail sales | 546 106 | 699 962 | 28 | 73,9 | 76,7 |
| Wholesales | 171 005 | 198 425 | 16 | 23,1 | 21,7 |
| Social programs services | 19 866 | 12 271 | -38 | 2,7 | 1,3 |
| other | 1 884 | 2 528 | 34 | 0,3 | 0,3 |

Retail network of limited liability company Nordmedservis as of accounting date consists of 47 pharmacies and chemist's offices, including 4 pharmacies and 1 chemist’s office open in the financial year.

Table No. 2

**Structure of capital investments**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Groups of capital investments | Volume of capital investments (thousands RUB) | | | Placed in operation  (thousands RUB) |
| At the beginning of the accounting year | For the accounting year | At the end of the accounting year |
| Purchase and reconstruction of real estate objects | 5 876 | 31 516 | 7 210 | 30 182 |
| Investments into tenements | 0 | 4 318 | 0 | 4 318 |
| Other capital investments | 39 | 9 093 | 29 | 9 103 |
| Total | 5 915 | 44 927 | 7 239 | 43 603 |

For financing of current activity and capital investments the company uses proceeds of credit and borrowed funds. The company is not going to extend the crediting volume in 2010.

Table No. 3

**Information about taken credits**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Creditor | Amount of credit by contract  (thousands RUB) | Amount of obtained credit  (thousands RUB) | Kind of guarantee | Return date |
| Sberbank of Russia (JSC) | 19 000 | 18 995 | Goods | 07.04.1010 |
| Individuals guarantee |
| Sberbank of Russia (JSC) | 42 000 | 38 000 | Individuals guarantee | 25.03.1010 |
| Sberbank of Russia  (JSC) | 16 000 | 15 994 | Real estate | 30.03.2010 |
| Individuals guarantee |

Dynamic expansion of activity is accompanied by increase in the number of the staff, first of all due to offering job to the skilled specialists in pharmaceutics. The work on adoption of new technologies into business management is still in progress.

**Information about long-term obligations**

Long-term obligations include the liabilities of purchase contract of immovable property, which was purchased as municipal property by installment more than three years in the amount of 13 689 thousands RUB.

Table No. 4

**Information about number of the personnel and wages**

|  |  |  |  |
| --- | --- | --- | --- |
| Indicator | 2008 | 2009 | Increase (%) |
| Average number of workers (person) | 263 | 297 | 13 |
| Wage expenses of staff members (thousands RUB) | 78 049 | 103 140 | 32 |
| Share of wage expenses in costs (%) | 41 | 44 | X |
| Average wage in the company (thousands RUB) | 25 | 29 | 17 |
| Number of workers on the accounting date (person) | 282 | 334 | X |

On the accounting date the company hasn’t got any overdue debts. Financial relations are stable, the company hasn’t got any unreliable suppliers and buyers from contractors .

The enterprise carries out its obligations under contracts in proper time. As of the 31st January, 2009 the company has not got:

* uncompleted court examinations with contractors;
* controversy with tax authorities concerning payment in budget.

**Information about the connected parties**

Table No. 5

**The connected parties of the company**

|  |  |
| --- | --- |
| The connected party | Character of relations |
| Kovalev Igor Viktorovich | The participant of the company |
| The trustee |
| Simak Elena Vasilyevna | The general director |
| The chairman of the board |
| Milrud Nadezhda Vasilyevna | The financial director |
| The trustee |
| Kovalev Ilya Igorevich | The director for development |
| The lessor of premises of pharmacies |

In the accounting year the company has carried out operations on the connected parties.

Table No. 6

**Operations on the connected parties**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Full name | The volume of operations (thousands RUB) | | | | |
| The civil-law contract | The labour contract | Compensation to the trustee | Rent | |
| Kovalev I.V. | 3 335 | 4 647 | 160 | | 1 932 |
| Simak E.V. | - | 1 168 | 124 | | - |
| Milrud N.V. | - | 1 352 | 139 | | - |
| Kovalev I.I. | 5 019 | 6 323 | - | | 11 644 |

Table No. 7

**Decryption of separate operations on the connected parties**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Kind of operation | Turnover for the accounting period | | | | Interest  (compensation)  (thousands RUB) |
| Granted  (given) | Repaid | | The rest for 31.12.2009 |
| Loans | | | | | |
| Kovalev I.I. | 250 | | 250 | - | 1 |
| The given guarantees | | | | | |
| Kovalev I.I. | 77 900 | | 67 398 | 77 000 | 5 019 |
| Kovalev I.V. | 77 900 | | 16 900 | 77 000 | 3 395 |

For using the received loans the company has paid percent on the refinancing rate of the Central Bank of Russia.

Table No. 8

**Information about financial investments**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Kind of financial investments | Turnover for the accounting period | | | Interest  (compensation)  (thous. RUB) |
| Contractor | Granted  (given) | Repaid | The rest for 31.12.2009 |
| The contribution to the authorized capital | | | | |
| OOO Severnaya meditsinskaya kompaniya | - | - | 5 | - |
| The given loans | | | | |
| OOO Nordmedservis Karelia | 2 923 | - | 2 923 | 44 |
| OOO Nordoptikservis | 4 000 | 7 970 | - | 179 |

Table No. 9

**The comparative analysis of cumulative expenses for payment of power resources**

|  |  |  |  |
| --- | --- | --- | --- |
| Indicator | 2008  (thousands RUB) | 2009  (thousands RUB) | Increase  (thousands RUB) |
| Expenses on a heat supply | 1 575 | 2 082 | 507 |
| Expenses on an electrical supply | 1 861 | 3 004 | 1 143 |
| Expenses on water supply | 54 | 70 | 16 |
| Expenses on petroleum products | 1 259 | 1 230 | -29 |

Expenses on a heat, electrical, water supply have increased in comparison with last year In connection with rise in prices for power resources in 2009, as well as because of opening of 4 pharmacies and 1 chemist’s office, and in view of increase in warehouse capacities of the company in the accounting year.

**Information about actives and obligations,**

**which cost it is expressed in foreign currency**

Size of exchange rate differences formed on operations of recalculation of actives and obligations cost expressed in foreign currency, has made:

* the positive differences 2 thousands RUB;
* the negative differences 69 thousands RUB.

The exchange rate for the accounting date has made: EUR – 43, 3883 RUB, USD – 30, 2442 RUB.

**Information about given guarantees**

The given guarantees are reflected in the accounting reporting at their assessed value. The book value of the given guarantees makes 44 001 thousands RUB as for the accounting date.

**Taxation**

In relation to retailtrade,the company paysthe uniform tax to the imputed earnings. The tax base under the profit tax is estimated without incomes and expenses concerning to activity, led into the uniform tax to the made imputed earnings, has made 21 353 thousands RUB. The conditional expense under the profit taxhas made 3 948 thousands RUB**.** The current profit tax has made 4 271 thousands RUB**.**

The current profit tax has been corrected as a consequence of:

* constant differences enlarging the current profit tax, that are caused by expenses not for the taxation in the amount of 323 thousands RUB;
* temporary differences caused as a result of deviation in the amount of the added amortization of the basic means for accounting and taxation have led to charge of the postponed tax obligations in the amount of 1 thousand RUB and the postponed tax actives in the amount of 1 thousand RUB.

The taxation order of the company will not change in 2010.

**Conclusion**

In the year 2009 the purposes and the objects provided by the charter of the company are executed. At the end of the accounting period non-working assets have made 98 064 thousands RUB, including the basic means - 73 682 thousands RUB, the size of the working actives - 181 064 thousands RUB.

The cost of the net assets has made 49 182 thousands RUB.

In view of the previously mentioned, it is possible to draw a conclusion on sufficient solvency and financial stability of the company. Steady growth of financial indicators allows to minimize possible risks substantially and to assume successful development of financial and economic activity of the enterprise.

General director /*signature*/ Simak E.V.

Chief accountant*/ signature/* Mikheeva N.P.

**Round seal**: NMS, Nordmedservis, limited liability company, the city of Murmansk.