SANGERS (NORTHERN IRELAND) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

SANGERS (NORTHERN IRELAND) LIMITED

CONTENTS

SANGERS (NORTHERN IRELAND) LIMITED

COMPANY INFORMATION

Directors	Toby Matthew Anderson Jane Davies Christian Keen David Jackson
Company secretary	Nichola Louise Legg
Registered number	NI018941
Registered office	2 Marshalls Road Belfast Northern Ireland BT5 6SR
Independent auditors	Mazars Block 3 - Harcourt Centre Harcourt Road Dublin 2 Ireland
Bankers	Danske Bank 520 Upper Newtownards Road Belfast Northern Ireland BT4 3HD

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022

Introduction

The principal activities of Sangers (Northern Ireland) Limited (the “Company”) are as follows:

- Surgical – supplies Ostomy, Continence, Wound care and related Surgical and Medical products to pharmacies and hospitals.
- Pemberton – supplies health and beauty products to community pharmacies in Northern Ireland
- Distribution – supplies speciality and related healthcare products to community pharmacy, hospitals and wholesalers in Northern Ireland.

Business review

The results for the period are set out in the profit and loss account on page 14 and within the related notes.

The operating profit for the Company amounted to £1,502,188 (2021: £2,469,023).

The profit after taxation for the period was £1,233,700 (2021: £2,009,880).

At 31 March 2022 the Company’s net assets were £11,536,037 (2021: £10,302,337).

The decrease in profit on prior year arose from higher group recharge. The variance in sales is the result of an uptake in hospital services, operations, fertility and Cancer treatments after the pandemic. Also a small element of new business due to Brexit.

The Company continues to maintain strong working cash flows. In addition, the Company invested resources to introduce novel coronavirus (“Covid-19”) safety measures in accordance with government guidance.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of key risks. Risks are formally reviewed by the board and appropriate processes are put in place to monitor and mitigate them.

Regulation and government
The company operates in highly regulated markets; any changes to, or noncompliance, could have a negative impact on business performance. For example, we are subject to a range of regulations around pricing, margins, traceability and storage conditions, minimum wage requirements/inflation, data or privacy regulations, workforce tax frameworks and health, safety or environmental standards. We are impacted indirectly from changes that affect our stakeholders including changes to drug reimbursement levels impact some of our customers that could adversely impact the company's profitability.

In addition, the United Kingdom ("UK") entered into a trading arrangement with the European Union on December 31st, 2020. The principal risks we face are around ensuring uninterrupted supply of pharmaceutical and medical products at competitive prices. The risk of fluctuations in exchange rates have the potential to cause business disruption and profitability impacts.

The company continues to seek advice and clarification from the Government regarding ongoing negotiations to enhance the trading agreement and mitigate the above risks. Mitigating actions have been implemented including policies, ways of working, training and monitoring to secure supply and minimise business disruption.

Competition
The Company operates in a market which is highly competitive, particularly around price, service levels and product availability. There is, as a result, ongoing downward pressure on margins with the additional risk that the company will not meet customer expectations. To mitigate this risk, the company monitors the market to understand customer and supplier expectations and identify whether their needs are being met and as a way to evolve and enhance our value proposition to them.

Cost management
The company may face increased costs through a number of ways including poor management of change programs, sub-optimal purchasing from vendors, failure of systems that impact our operations and hiring and retaining talent. The company has implemented robust program and talent management, purchasing processes and controls, as well as oversight from our board on strategic matters

Covid-19
Post pandemic the company has returned to a normal trading environment. The Covid-19 pandemic created significant volatility and disruption. The company still actively monitors the situation, following international health advice and giving our people as much support as they need.

The Company provides a pivotal role in delivering pharmaceutical products and services to communities around the country. The uncompromising priority of the Company is the safety of its employees and customers. The Company invested resources to implement safety measures in order to ensure availability of product to our customers.

Whilst the future duration and impact of novel coronavirus variants are unknown the Company will continue to support its communities whilst following the advice of the UK Government. The Company participated in the government's furlough scheme for certain non-critical employees. Mitigating actions have been implemented including policies, ways of working, training and monitoring to minimise business disruption.

Financial risk management

The management of the financial risks facing the Company is governed by policies reviewed and approved by the Board of Directors. These policies primarily cover liquidity risk, credit risk, interest rate risk and currency risk. The primary objective of the Company's policies is to minimise financial risk at reasonable cost. The Company does not trade in financial instruments. The Company uses cash resources and borrowings at prevailing rates to finance its operations. Trade debtors and creditors arise directly from operations on normal terms. The Company's exposure to price risk of financial instruments is therefore minimal.

The Company's principal financial assets are bank balances and cash, and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Company ensures that it has sufficient financing facilities available through cash flow generated from operating activities and group financing. It has not entered into any long-term borrowing arrangements.

The majority of the Company's activities are conducted in sterling, with the amount of trade in other currencies being minimal. Therefore, the currency risk to the Company is limited.

Future outlook

McKesson Corporation completed the sale of Admenta UK Limited to Aurelius, an asset management group, on April 6, 2022. The Directors consider that both the results for the year and trading prospects are satisfactory and it is the Directors' intention to develop the present activities of the Company.

Financial key performance indicators

The following key performance indicators are used by the Company's Directors to understand the performance of the business as they are indicative of the level of activity and profitability.

	Year ended 31 March 2022	**Year ended 31 March 2021**	**Analysis**
Turnover	£44,383,662	£38,338,194	The increase in Turnover and Gross Profit is due to the company returning to a normal trading environment post Covid 19 pandemic. With an uptake in hospitals services and new business due to Brexit.
Gross Profit	£5,457,759	£4,981,030	
Gross Profit (%)	12.30	12.99	

Directors' statement of compliance with duty to promote the success of the Company

Statement by the directors on the performance of their statutory duties in accordance with s172(1) of Companies Act 2006

This statement describes how the Directors complied with section 172(1) (a)-(f) of the Companies Act 2006 to promote the success of the company for the benefit of its stakeholders.

The nature of our highly regulated business requires that we consider the long-term consequences of our decisions. Our shareholders have invested capital to drive shareholder value. The Directors' report describes the Board's role in managing the business, our reputation, risks and balancing stakeholder needs. The Board's other key stakeholders are as follows:

Customers and Suppliers

We build strong relationships with our customers and suppliers to promote mutually beneficial sustainable long-term profit growth. Engagement with customers and suppliers is primarily through formal reviews as well as regular conferences that bring suppliers and customers together to discuss shared concerns. Key areas of focus include close coordination to ensure availability of product in a safe and secure supply chain (refer to Principal risks and uncertainties that discusses the novel coronavirus and Brexit), innovation by introducing e-commerce to automate the supply chain and supporting prompt payment. The Board is briefed on customer and supplier metrics and feedback, opportunities and issues through regular board and management meeting reporting.

Communities and the Environment

We engage with local communities to build trust and understand the issues that are important to them. Key areas of focus include how we can support local causes and issues, create opportunities to recruit, help to look after the environment (refer to the Directors' report) and engage with communities through social media.

We have an established partnership with the Alzheimer's Society and raise awareness and funds through corporate events. The Board receives updates through appropriate board and management meeting reporting.

Energy and Carbon Reporting

Details of Energy carbon reporting can be found in our group consolidated accounts of Admenta UK Ltd.

Government and regulators

We operate in a highly regulated industry, and patient safety is critical. Government entities, including the Department of Health and Social Care, determine tariff reimbursement levels and service fees that impact the supply chain, including ourselves, our customers and our suppliers. We engage with the government and regulators through a range of sector organisations such as the Healthcare Distribution Association. We also independently engage with stakeholders by responding to consultations, and participating in forums, meetings and conferences to inform about, educate on and discuss changes to the sector with policy makers relevant to our business.

Key areas of engagement include compliance with laws and regulations, health and safety, evolving how we support stakeholders under novel coronavirus and Brexit negotiations. The Board is updated on developments through regular board and management meeting reporting and takes these into account when making decisions.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

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

DocuSigned by:
Wendy Hall
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Wendy Margaret Hall
Director

Date: 18 October 2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022

The Directors present their report and the financial statements for the year ended 31 March 2022.

Results and dividends

The profit for the year, after taxation, amounted to £1,233,700 (2021 - £2,009,880).

No dividends were paid during the year (2021: £Nil). The Directors do not recommend the payment of a final dividend in the current year (2021: £Nil).

Energy and Carbon Reporting

Details of Energy carbon reporting can be found in our group consolidated accounts of Admenta UK Ltd

Directors

The Directors who served during the year and up to the date of this report were:

Toby Matthew Anderson (resigned 11 March 2022)
Jane Davies (resigned 31 July 2022)
Christian Keen (resigned 18 May 2022)
David Jackson (resigned 27 May 2022)
Wendy Margaret Hall (appointed 27 July 2022)
Robin Lindsay Dargue (appointed 27 July 2022)

The company had made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Future developments

Details of future developments can be found in the Strategic Report on page 4 and form part of this report by cross reference.

Financial instruments

Details of financial instruments can be found in the Strategic Report on page 4 and form part of this report by cross reference

Engagement with suppliers, customers and others

Details of engagement with suppliers, customers and others are contained on pages 2-6 in the Strategic Report and form part of this report by cross reference.

Matters covered in the strategic report

Financial risk management objectives and policies

The financial risk management objectives and policies of the Company are detailed in the Strategic Report on pages 2-6 and form part of this report by cross reference.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

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 the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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.

This confirmation is given and should be interpreted in accordance with the provisions at s418 of the Companies Act 2006.

Post balance sheet events

McKesson Corporation completed the sale of Admenta UK Limited (of which this company is a subsidiary) to Aurelius, an asset management group, on April 6, 2022.

Auditors

The auditors, Mazars, will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

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

DocuSigned by:
Wendy Hall
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Wendy Margaret Hall
Director

Date: 18 October 2022

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022

The Directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 ‘Reduced Disclosure Framework’. 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 judgements 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 to 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.

mazars

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
SANGERS (NORTHERN IRELAND) LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sangers (Northern Ireland) Limited (the 'Company') for the year ended 31 March 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 ‘Reduced Disclosure Framework’ (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 “Reduced disclosure framework” and,
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
SANGERS (NORTHERN IRELAND) LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation.

We evaluated the directors’ and management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

mazars

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
SANGERS (NORTHERN IRELAND) LIMITED (CONTINUED)**

Use of our report

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.

Emer O'Riordan

Emer O'Riordan (Senior Statutory Auditor)

for and on behalf of
Mazars
Chartered Accountants & Statutory Audit Firm
Block 3 - Harcourt Centre
Harcourt Road
Dublin 2
Ireland

Date: 20 October 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £	2021 £
Turnover	4	**44,383,662**	38,338,194
Cost of sales		**(38,925,903)**	(33,357,164)
Gross profit		**5,457,759**	4,981,030
Administrative expenses		**(3,955,571)**	(2,512,007)
Operating profit	5	**1,502,188**	2,469,023
Interest receivable and similar income	6	**115**	11,143
Profit before tax		**1,502,303**	2,480,166
Tax on profit	7	**(268,603)**	(470,286)
Profit for the financial year		**1,233,700**	2,009,880

There was no other comprehensive income for 2022 (2021: £NIL).

The notes on pages 17 to 29 form part of these financial statements.

BALANCE SHEET
AS AT 31 MARCH 2022

	Note		2022 £		2021 £
Fixed assets					
Investments	8		**776,905**		777,902
			776,905		777,902
Current assets					
Stocks	9	**5,628,463**		6,509,623	
Debtors: amounts falling due within one year	10	**12,850,947**		8,366,015	
Cash at bank and in hand		**1,308,151**		6,203,307	
		19,787,561		21,078,945	
Creditors: amounts falling due within one year	11	**(9,028,429)**		(11,554,510)	
Net current assets			**10,759,132**		9,524,435
Total assets less current liabilities			**11,536,037**		10,302,337
Net assets excluding pension asset			**11,536,037**		10,302,337
Net assets			**11,536,037**		10,302,337
Capital and reserves					
Called up share capital	13		**100**		100
Profit and loss account			**11,535,937**		10,302,237
			11,536,037		10,302,337

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

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Wendy Hall
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Wendy Margaret Hall
Director

Date: 18 October 2022

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2020	**100**	**8,292,357**	**8,292,457**
Profit for the year	-	2,009,880	2,009,880
Total comprehensive income for the year	-	2,009,880	2,009,880
At 31 March 2021	**100**	**10,302,237**	**10,302,337**
Profit for the year	-	1,233,700	1,233,700
Total comprehensive income for the year	-	1,233,700	1,233,700
At 31 March 2022	**100**	**11,535,937**	**11,536,037**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1. General information

Sangers (Northern Ireland) Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and is domiciled in the UK and registered in Northern Ireland (Number: NI018941). The registered office address is 2 Marshalls Road, Belfast, Northern Ireland, BT5 6SR.

The nature of the company’s operations and its principal activities are set out in the strategic report on pages 2 to 6.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements because it is included in the group accounts of McKesson Corporation. The group accounts of McKesson Corporation are available to the public and can be obtained as set out in note 15.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework’ and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

As permitted by FRS101 the Company has taken advantage of the disclosure exemptions available under that standard as noted below.

Where relevant, equivalent disclosures have been given in the group accounts of McKesson Corporation. The group accounts of McKesson Corporation are available to the public and can be obtained as set out in note 15.

2. Accounting policies (continued)

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraph 33(c) of IFRS 5 Non-Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 Going concern

The financial statements have been prepared using the going concern basis of accounting.

2.4 Impact of new international reporting standards, amendments and interpretations

There are no changes to IFRS which became effective for the company during the fiscal year which resulted in material changes to the financial statements.

A number of new amendments are effective for annual periods beginning after 1 January 2022; however, the company has not early adopted these in preparing these financial statements.

The following amended standards are not expected to have a significant impact on the company’s financial statements:

- Reference to the 2018 Conceptual Framework (Amendments to IFRS 3)
- The changes in Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2. Accounting policies (continued)

2.6 Revenue recognition

The Company recognises revenue from the following major sources:
- Retail Pharmacy;
- Hospital Pharmacy;
- Wholesalers; and
- Patients.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer. The Company recognises revenue when it transfers control of a product to a customer. Any deductions from sales such as rebates, discounts allowed and bonuses are deducted from gross revenue. Revenue excludes Value Added Tax.

The Company sells surgical, pharmaceutical and over the counter products to both wholesale and retail customers.

For sales of goods to retail, hospital pharmacy and patients revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customer’s specific location.

For sales of goods to the wholesale market, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the wholesaler’s specific location. Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised by the Company when the goods are delivered to all customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Under the Company’s standard contract terms, customers have a right of return within 3 days. At the point of return, a refund liability and a corresponding adjustment to revenue is recognised for those products that have been returned and assessed. At the same time, the Company recognises a returned goods asset and a corresponding adjustment to revenue.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

2. Accounting policies (continued)

2.11 Financial instruments (continued)

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2. Accounting policies (continued)

2.12 Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and are initially measured at fair value. The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are issued principally for the purpose of repurchasing in the near term, or form part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking, or are derivatives, including separately embedded derivatives unless they are financial guarantee contracts or are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities at amortised cost

Financial liabilities which are not held for trading or are not financial liabilities designated upon initial recognition as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification, this is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2. Accounting policies (continued)

2.12 Financial liabilities (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies
There are no critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognised in financial statements.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Trade debtors and other assets
Allowances for trade debtors and other assets are based to a large extent on estimates and judgements of individual receivables taking the creditworthiness of the respective customer into account. When measuring allowances, assumptions and estimates play an important role when assessing the probability of utilisation and the obligation amount. Trade debtors and other assets carrying amount £12,850,947 (2021: £8,366,015)

Stocks
The nature of the stock held consists of a high volume of relatively low value items, some with use by dates and some with seasonal characteristics. The obsolescence calculation is based on the stock holding and anticipated future sales. Allowances are made for obsolete, slow moving and defective stocks. The assumptions used in estimating allowances are reviewed at each reporting date. Stocks and allowances carrying amount £5,628,463 (2021: £6,509,623)

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Turnover generated from sales of pharmaceutical and over the counter goods	**44,383,662**	38,338,194
	44,383,662	38,338,194

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Fees payable to the Company's auditor for the audit of the annual financial statements	**34,500**	15,000

There were no employees in the Company for the year ended 31 March 2022 (2021: nil). The directors of the company in the current and prior year are also paid directors of other group companies and no apportionment is practicable.

6. Interest receivable

	2022 £	2021 £
Other interest receivable	**115**	11,143
	115	11,143

7. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	**243,872**	460,068
Adjustments in respect of previous periods	**564**	230
	244,436	460,298
Total current tax	**244,436**	460,298
Deferred tax		
Origination and reversal of timing differences	**24,167**	9,988
Total deferred tax	**24,167**	9,988
Taxation on profit on ordinary activities	**268,603**	470,286

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2021 - the same as) the standard rate of corporation tax in the UK of 19% (2021 - 19%) as set out below:

	2022 £	2021 £
Profit on ordinary activities before tax	**1,502,303**	2,480,166
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**285,438**	471,231
Effects of:		
Adjustments to tax charge in respect of prior periods	**(564)**	230
Other differences leading to an increase (decrease) in the tax charge	**(16,271)**	(1,175)
Total tax charge for the year	**268,603**	470,286

Factors that may affect future tax charges

An increase in the main UK corporation tax rate from 19% to 25%, applicable from 1 April 2023, was enacted on 10 June 2021 in Finance Act 2021. The deferred taxes in these financial statements have therefore been calculated at 25%.

8. Fixed asset investments

	Investments in subsidiary companies
	£
Cost or valuation	
At 1 April 2021	**777,902**
Disposals	(997)
At 31 March 2022	**776,905**
Net book value	
At 31 March 2022	**776,905**
At 31 March 2021	777,902

See Note 17 subsidiary undertakings for the details of these investments.

9. Stocks

	2022	2021
	£	£
Finished goods and goods for resale	**5,628,463**	6,509,623
	5,628,463	6,509,623

10. Debtors

	2022	2021
	£	£
Trade debtors	**5,058,451**	3,268,187
Amounts owed by group undertakings	**4,299,862**	1,266,995
Other debtors	**3,436,545**	3,757,076
Prepayments and accrued income	**15,390**	8,891
Deferred taxation	**40,699**	64,866
	12,850,947	8,366,015

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.