

Company Registration No. 00044701 (England and Wales)

**MAWDSLEY-BROOKS & COMPANY LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MARCH 2016**

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# MAWDSLEY-BROOKS & COMPANY LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr I C Brownlee Mrs S J Ellison Mrs C P Currimjee Mrs G Sanderson-Watts Dr J Mawdsley (Chairman) Mrs S P Westall Mr D Belcher Mrs K Birchall
<b>Secretary</b>	Mrs S J Ellison
<b>Company number</b>	00044701
<b>Registered office</b>	Number 3 South Langworthy Road PO Box 18 Salford M50 2PW
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants Bluebell House Brian Johnson Way Preston Lancashire PR2 5PE
<b>Business address</b>	Number 3 South Langworthy Road PO Box 18 Salford M50 2PW

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# MAWDSLEY-BROOKS & COMPANY LIMITED

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2016

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The directors present the strategic report for the year ended 31 March 2016.

### **Fair review of the business**

The principal activity of the company continued to be pharmaceutical wholesaling.

### **Principal risks and uncertainties**

#### **Financial position at the year end**

The company has net cash of £8.6 million compared to £8.1 million at the end of last year. The company is in a very strong financial position.

#### **Key performance indicators**

Turnover for the year increased by 13% but pre-tax profits have risen by 234%, which the Directors consider adequate given the competitive market place in which the company operates. Wholesale sales to Pharmacies and Doctors are very challenging and the Company did well to maintain sales at the level of the previous year. Hospitals sales and margins grew strongly during the year and confirmed the Company's position as the second key wholesaler in the sector. During the current year the pharmacy and Doctor markets continue to become more competitive and growth proves elusive. The hospital sector continues to grow well reflecting our strong position in the market.

#### **Future developments**

Pre-wholesale services grew significantly and will require substantial capital expenditure in the near future to provide further warehouse facilities. Our services to Pharmaceutical companies and Hospitals, which include professional regulatory services, clinical trials distribution and product over-labelling, all showed good growth and provide opportunities for further growth this year. Sales of unlicensed medicines expanded, both in the U.K. and in the rest of the world.

#### **Principal risks and uncertainties**

The most significant threats to the Company are to the wholesale business from competition, changes to the reimbursement system by the Department of Health and globalisation of Pharmaceutical wholesalers and suppliers of generic products. Whilst the other markets operated in by the Company pose challenges they pose no significant threats.

The Directors consider that the spread of the company's activities shelters the company from any particular threat. The strong financial position enables the company to continue to meet its financial obligations as they fall due, to modify its activities as required and to invest as opportunities arise.

By order of the board



Mrs S J Ellison

Secretary

30 November 2016

# **MAWDSLEY-BROOKS & COMPANY LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2016**

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The directors present their annual report and financial statements for the year ended 31 March 2016.

#### **Principal activities**

The principal activity of the company continued to be that of pharmaceutical wholesaling.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr I C Brownlee  
Mrs S J Ellison  
Mrs C P Currimjee  
Mrs G Sanderson-Watts  
Dr J Mawdsley (Chairman)  
Mrs S P Westall  
Mr D Belcher  
Mr P Mc Allister  
Mrs K Birchall

(Resigned 31 December 2015)

#### **Results and dividends**

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £350,000. The directors do not recommend payment of a further dividend.

#### **Disabled persons**

The company recognises its responsibilities towards disabled persons and gives full and fair consideration to applicants in positions suited to their own particular abilities where appropriate openings exist. Where employees become disabled in the course of their employment, every effort is made to provide them with continued employment.

During the year management has had a policy of providing employees with information about the company. Regular meetings are held between management and employees to allow a free flow of information and ideas.

The company aims to achieve a shared commitment from employees to the success of the business of which they are employees.

#### **Employee involvement**

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the company's profit sharing schemes and are encouraged to invest in the company through participation in share option schemes.

#### **Auditor**

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

# MAWDSLEY-BROOKS & COMPANY LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

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### Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

### Strategic report

The information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the separate Strategic Report in accordance with section 414C (11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

By order of the board



Mrs S J Ellison

Secretary

30 November 2016

# **MAWDSLEY-BROOKS & COMPANY LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 31 MARCH 2016**

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The directors are responsible for preparing the Strategic Report and 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 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 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAWDSLEY-BROOKS & COMPANY LIMITED

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We have audited the financial statements on pages 6 to 23. 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), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

### Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

### 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

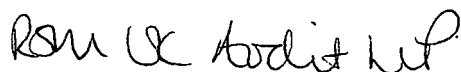
### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Karen Musgrave (Senior Statutory Auditor)  
for and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor  
Chartered Accountants  
Bluebell House  
Brian Johnson Way  
Preston  
Lancashire  
PR2 5PE  
21/12/16

# MAWDSLEY-BROOKS & COMPANY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

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	Notes	2016 £'000	2015 £'000
Turnover	3	231,639	204,703
Cost of sales		(206,502)	(182,002)
<b>Gross profit</b>		<u>25,137</u>	<u>22,701</u>
Distribution costs		(17,631)	(18,032)
Administrative expenses		(6,425)	(7,543)
Other operating income		1,610	4,030
<b>Operating profit</b>	4	<u>2,691</u>	<u>1,156</u>
Interest payable and similar charges	8	(1)	(5)
<b>Profit on ordinary activities before taxation</b>		<u>2,690</u>	<u>1,151</u>
Taxation	9	(745)	(262)
<b>Profit for the financial year</b>	23	<u><u>1,945</u></u>	<u><u>889</u></u>

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**MAWDSLEY-BROOKS & COMPANY LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2016**

		2016	2015
	Notes	£'000	£'000
<b>Fixed assets</b>			
Intangible assets	11	-	8
Tangible assets	12	9,629	10,260
Investments	13	76	76
		<u>9,705</u>	<u>10,344</u>
<b>Current assets</b>			
Stocks	15	12,010	12,921
Debtors	16	37,270	28,233
Cash at bank and in hand		8,563	8,056
		<u>57,843</u>	<u>49,210</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(47,704)</u>	<u>(41,462)</u>
<b>Net current assets</b>		10,139	7,748
<b>Total assets less current liabilities</b>		<u>19,844</u>	<u>18,092</u>
<b>Provisions for liabilities</b>	20	(319)	(162)
<b>Net assets</b>		<u>19,525</u>	<u>17,930</u>
<b>Capital and reserves</b>			
Called up share capital	22	3,138	3,138
Share premium account	23	42	42
Capital redemption reserve	23	4	4
Profit and loss reserves	23	16,341	14,746
<b>Total equity</b>		<u>19,525</u>	<u>17,930</u>

The financial statements were approved by the board of directors and authorised for issue on .....  
and are signed on its behalf by:

*30 November*  
*2016*

*Ian C Brownlee*

Mr I C Brownlee  
Director

# MAWDSLEY-BROOKS & COMPANY LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 April 2014</b>		3,138	42	4	13,857	17,041
<b>Year ended 31 March 2015:</b>						
Profit and total comprehensive income for the year		-	-	-	889	889
<b>Balance at 31 March 2015</b>		3,138	42	4	14,746	17,930
<b>Year ended 31 March 2016:</b>						
Profit and total comprehensive income for the year		-	-	-	1,945	1,945
Dividends	10	-	-	-	(350)	(350)
<b>Balance at 31 March 2016</b>		3,138	42	4	16,341	19,525

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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### 1 Accounting policies

#### Company information

Mawdsley-Brooks & Company Limited is a company limited by shares incorporated in England and Wales. The registered office is Number 3 South Langworthy Road, PO Box 18, Salford, M50 2PW.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements are the first financial statements of Mawdsley-Brooks & Company Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Mawdsley-Brooks & Company Limited for the year ended 31 March 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 33 'Related Party Disclosures' – Compensation for key management personnel
- Section 33 'Related Party Disclosures' – Disclosure of transactions between group companies.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements presents information about the company as an individual entity and not about its group.

Mawdsley-Brooks & Company Limited is a wholly owned subsidiary of Converse Pharma Limited and the results of Mawdsley-Brooks & Company Limited are included in the consolidated financial statements of Converse Pharma Limited which are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

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### 1 Accounting policies (Continued)

#### Going concern

The directors have concluded that it is appropriate to prepare the accounts on a going concern basis as the company had adequate cash resources and financial projections indicate that the company will continue to trade within its existing bank facilities.

#### Turnover

Turnover is the total amount receivable for goods supplied and services provided excluding VAT, trade discounts and agency sales.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives.

#### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Freehold land is not depreciated.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Building improvements	4% straight line
Buildings Leasehold	2% straight line
Plant and machinery	15% reducing balance
Fixtures, fittings and equipment	15% reducing balance
Computer equipment	20% straight line
Motor Vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

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### 1 Accounting policies (Continued)

#### **Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

#### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

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### 1 Accounting policies (Continued)

#### ***Other financial assets***

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### ***Impairment of financial assets***

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities, including trade and other creditors and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

#### ***Equity instruments***

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

# **MAWDSLEY-BROOKS & COMPANY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2016**

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#### **1 Accounting policies (Continued)**

##### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

##### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **Retirement benefits**

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

##### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 1 Accounting policies (Continued)

#### Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Stock is valued at the lower of cost and net realisable value. Net realisable value includes where necessary, provisions for slow moving and obsolete stock. Calculation of these provisions requires judgements to be made.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £'000	2015 £'000
<b>Turnover analysed by class of business</b>		
Pharmaceutical wholesaling	231,639	204,703
	<u>231,639</u>	<u>204,703</u>
<b>Turnover analysed by geographical market</b>		
	2016 £'000	2015 £'000
United Kingdom	220,447	195,603
Overseas	11,192	9,100
	<u>231,639</u>	<u>204,703</u>



# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 4 Operating profit

	2016 £'000	2015 £'000
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	-	(1)
Fees payable to the company's auditor for the audit of the company's financial statements	15	15
Depreciation of owned tangible fixed assets	866	859
Depreciation of tangible fixed assets held under finance leases	22	32
Loss on disposal of tangible fixed assets	24	42
Amortisation of intangible assets	8	-
Cost of stocks recognised as an expense	206,502	182,002
Operating lease charges	1,866	993
	<u>          </u>	<u>          </u>

### 5 Auditor's remuneration

	2016 £'000	2015 £'000
Fees payable to the company's auditor and its associates:		
<b>For audit services</b>		
Audit of the company's financial statements	15	15
	<u>          </u>	<u>          </u>
<b>For other services</b>		
All other non-audit services	7	7
	<u>          </u>	<u>          </u>

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Sales and distribution	425	524
Office and management	52	50
	<u>          </u>	<u>          </u>
	477	574
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2016 £'000	2015 £'000
Wages and salaries	10,489	12,181
Social security costs	906	945
Pension costs	617	594
	<u>          </u>	<u>          </u>
	12,012	13,720
	<u>          </u>	<u>          </u>

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 7 Directors' remuneration

	2016 £'000	2015 £'000
Remuneration for qualifying services	2,221	1,550
Company pension contributions to defined contribution schemes	182	42
	<u>2,403</u>	<u>1,592</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2015 - 6)

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 0 (2015 - 1).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2016 £'000	2015 £'000
Remuneration for qualifying services	920	1,001
Company pension contributions to defined contribution schemes	92	114
	<u>920</u>	<u>1,001</u>

### 8 Interest payable and similar charges

	2016 £'000	2015 £'000
Interest on bank overdrafts and loans	-	1
Interest on finance leases and hire purchase contracts	1	4
	<u>1</u>	<u>5</u>

### 9 Taxation

	2016 £'000	2015 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	588	262
	<u>588</u>	<u>262</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	157	-
	<u>157</u>	<u>-</u>
Total tax charge	<u>745</u>	<u>262</u>

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 9 Taxation (Continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

	2016 £'000	2015 £'000
Profit before taxation	2,690	1,151
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 21.00%)	538	242
Tax effect of expenses that are not deductible in determining taxable profit	8	43
Permanent capital allowances in excess of depreciation	-	(23)
Depreciation on assets not qualifying for tax allowances	37	-
Deferred tax adjustments in respect of prior years	(35)	-
Deferred tax not recognised	197	-
Tax expense for the year	745	262

The Chancellor has stated his intention to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and 18% from 1 April 2020. This change was substantively enacted on 26 October 2015.

### 10 Dividends

	2016 £'000	2015 £'000
Final paid	350	-

### 11 Intangible fixed assets

	Patents and trademarks £'000	Computer development costs £'000	Total £'000
<b>Cost</b>			
At 1 April 2015 and 31 March 2016	30	2	32
<b>Amortisation and impairment</b>			
At 1 April 2015	24	-	24
Amortisation charged for the year	6	2	8
At 31 March 2016	30	2	32
<b>Carrying amount</b>			
At 31 March 2016	-	-	-
At 31 March 2015	6	2	8

**MAWDSLEY-BROOKS & COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**12 Tangible fixed assets**

	Building improvements	Buildings Leasehold	Plant and machinery	Fixtures, fittings and equipment	Computer equipment	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>							
At 1 April 2015	4,187	3,342	2,954	4,523	3,458	1,050	19,514
Additions	-	15	58	36	105	156	370
Disposals	-	-	-	-	-	(300)	(300)
At 31 March 2016	4,187	3,357	3,012	4,559	3,563	906	19,584
<b>Depreciation and impairment</b>							
At 1 April 2015	336	1,063	1,941	2,670	2,828	416	9,254
Depreciation charged in the year	54	160	159	(28)	378	165	888
Eliminated in respect of disposals	-	-	-	-	-	(187)	(187)
At 31 March 2016	390	1,223	2,100	2,642	3,206	394	9,955
<b>Carrying amount</b>							
At 31 March 2016	3,797	2,134	912	1,917	357	512	9,629
At 31 March 2015	3,851	2,279	1,013	1,853	630	634	10,260

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 12 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2016 £'000	2015 £'000
Motor Vehicles	55	96
Depreciation charge for the year in respect of leased assets	22	32
	<u>      </u>	<u>      </u>

### 13 Fixed asset investments

	Notes	2016 £'000	2015 £'000
Investments in subsidiaries	14	76	76
		<u>      </u>	<u>      </u>

#### Movements in fixed asset investments

	Shares in group undertakings £'000
<b>Cost or valuation</b>	
At 1 April 2015 & 31 March 2016	76
	<u>      </u>
<b>Carrying amount</b>	
At 31 March 2016	76
	<u>      </u>
At 31 March 2015	76
	<u>      </u>

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 14 Subsidiaries

These financial statements are separate company financial statements for Mawdsley-Brooks & Company Limited.

Details of the company's subsidiaries at 31 March 2016 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct Indirect	
Ultrapos Limited	England & Wales	Domant	Ordinary	100.00	
Pathfinder Healthcare Limited	England & Wales	Non-trading	Ordinary	52.00	
Wellspring Pharmaceutical Services Limited	England & Wales	Dormant	Ordinary	100.00	
Wellspring Pharmaceutical Services UK Limited	England & Wales	Dormant	Ordinary	100.00	
MBI Pharma	Israel	Marketing Company	Ordinary	76.00	
MBB	Brazil	Marketing Company	Ordinary	100.00	

### 15 Stocks

	2016 £'000	2015 £'000
Raw materials and consumables	71	109
Finished goods and goods for resale	11,939	12,812
	<u>12,010</u>	<u>12,921</u>

### 16 Debtors

	2016 £'000	2015 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	28,928	24,759
Corporation tax recoverable	-	100
Amounts due from fellow group undertakings	7,182	2,370
Other debtors	189	131
Prepayments and accrued income	971	873
	<u>37,270</u>	<u>28,233</u>

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 17 Creditors: amounts falling due within one year

	Notes	2016 £'000	2015 £'000
Obligations under finance leases	18	3	42
Trade creditors		42,644	35,967
Corporation tax		55	-
Other taxation and social security		2,076	1,771
Other creditors		42	1,058
Accruals and deferred income		2,884	2,624
		<u>47,704</u>	<u>41,462</u>

### 18 Finance lease obligations

	2016 £'000	2015 £'000
Future minimum lease payments due under finance leases:		
Less than one year	<u>3</u>	<u>42</u>

Obligations under finance lease arrangements are secured upon the assets concerned.

### 19 Provisions for liabilities

	Notes	2016 £'000	2015 £'000
Deferred tax liabilities	20	319	162
		<u>319</u>	<u>162</u>

### 20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £'000	Liabilities 2015 £'000
<b>Balances:</b>		
Accelerated Capital Allowances	<u>319</u>	<u>162</u>

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 20 Deferred taxation (Continued)

	2016 £'000
<b>Movements in the year:</b>	
Liability at 1 April 2015	162
Charge to profit or loss	173
Effect of change in tax rate - profit or loss	(16)
	<u>319</u>
Liability at 31 March 2016	<u>319</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

### 21 Retirement benefit schemes

#### Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £617,000 (2015: £551,000)

### 22 Share capital

	2016 £'000	2015 £'000
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
554,880 Ordinary shares of £1 each	555	555
2,317,440 Ordinary "A" shares of £1 each	2,317	2,317
264,800 Ordinary "B" shares of £1 each	265	265
145,000 Ordinary "C" shares of 1p each	1	1
	<u>3,138</u>	<u>3,138</u>

The Ordinary shares, Ordinary A shares and Ordinary B shares carry equal voting, capital and distribution rights. The Ordinary C shares carry equal capital and distribution rights. These shares do not carry voting rights.



# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 23 Reserves

#### Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

#### Share Premium

Consideration received for shares issued above their nominal value net of transaction costs.

#### Capital Redemption Reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

### 24 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £'000	2015 £'000
Within one year	684	672
Between two and five years	2,447	2,498
In over five years	2,400	3,001
	<u>5,531</u>	<u>6,171</u>

### 25 Related party transactions

There is an intercompany guarantee between the company and Mawdsley Group Investments Limited and its subsidiaries.

### 26 Controlling party

The ultimate parent undertaking is Mawdsleys Group Investments Limited, a company registered in England and Wales. Copies of the group accounts of Mawdsley Group Investments Limited will be delivered to and will be available from The Registrar of Companies, Companies Registration House, Maindy, Cardiff, CF4 3UZ.

The company is controlled by the directors of Mawdsleys Group Investments Limited.