

Company Registration No. 00044701 (England and Wales)

**MAWDSLEY-BROOKS & COMPANY LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2020**



# MAWDSLEY-BROOKS & COMPANY LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	C P Currimjee G Sanderson-Watts Dr J Mawdsley S P Westall D Belcher W J Sanders W J Westall
<b>Secretary</b>	B Mistry
<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 2020**

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The directors present the strategic report for the year ended 31 March 2020.

#### **Fair Review of the Business and Key Performance Indicators**

The principal activity of the company was pharmaceutical wholesaling and logistics predominantly in the UK, but also selected international markets.

*The company had another year of strong trading, with turnover of £359m up 15% and pre-tax profits of £3.6m up 173% on the prior year.*

This growth has been spread across the company's business units. MPW our 3PL division has seen steady progress as our new Redhouse facility in Doncaster was opened for business attracting further clients to come online. Hospitals and Secondary Care wholesale has again delivered significant growth, with increasing numbers of manufacturers recognising the importance of excellent customer service, and the commercial benefits of working with a trusted partner. Mawdsleys Logistics launched from July 19 and remains on track to meet its expected targets. The UK and International unlicensed units have similarly seen noteworthy increases in sales, particularly in the latter part of the year, when a number of licensed products became unavailable.

The Covid-19 crisis had a significant impact in the final months of the year, with record volumes of critical medicines being ordered, received, picked, packed and delivered in quick time, to meet the unprecedented demands from both hospitals and the Department of Health and Social Care. Office based and support staff adapted admirably to working remotely at short notice. The company's business continuity infra-structure was activated and through the uncertainty and confusion of the pandemic, Mawdsleys staff rose to the challenge magnificently. Deliveries and service levels were maintained and feedback from hospitals were both highly complementary and acknowledging of the extra efforts that Mawdsleys had made.

None of this would have been possible without the flexibility and innovative approach of our staff and management teams. The directors and shareholders would like to thank everyone in the company for their continued efforts and commitment to the business.

# **MAWDSLEY-BROOKS & COMPANY LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2020**

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#### **Position at the year end and future developments**

The company closed the year with £21.1m cash compared to £2.6m at the end of last year. This robust position will enable the business to explore further investment opportunities, expand into new markets and further strengthen its IT infrastructure.

The directors expect the company to continue to grow in the forthcoming year as it strengthens its position in each of the company's chosen market sectors.

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

##### **Market conditions:**

Continued pressure on health care budgets in all markets risk reducing margins as service providers, such as the NHS in the UK, seek to reduce prices across the supply chain. In turn, manufacturers are under pressure to maintain returns, so wholesalers are subject to cost pressure from both sides. MPW and Mawdsleys Logistics are in significant growth and launch phases, which bring with them, their own particular issues around staffing, training and implementation of appropriate systems and processes.

##### **Brexit:**

The end of the Transition period has inevitably led to the company suffering some initial logistical challenges to our ability to trade with Europe, but as time goes on, we are confident that these hurdles can be overcome. Import of some supplies from the European Union have been hindered by the additional paperwork and controls now in place, but as the vast majority of the company's sales are either within the UK, directly or indirectly to the NHS, or in markets outside of the European Union, the overall impact is not considered to be significant.

##### **Covid-19:**

The Directors continue to monitor the effects of the global pandemic on all sectors of the business. Despite a number of operational and logistical challenges, including availability of staff, remote working and uncertainty from some customers, at the time of approving the financial statements, the Directors are confident that the business has adequate resources and the financial strength to work through the current crisis. This is underpinned by the fact the company's main customer base is in healthcare and despite increased volatility, demand has increased, whilst the company's balance sheet is strong, supported by a healthy cash reserve.

It is difficult to estimate the full impact of the Covid-19 outbreak, but the Directors are satisfied that the company has adequate reserves and mitigation strategies in place and the financial statements are therefore prepared on a going concern basis.

## MAWDSLEY-BROOKS & COMPANY LIMITED

### STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

#### S172 Statement

Section 172 (1) (a) to (f) of the Companies Act 2006 requires the Directors of Mawdsley Brooks & Company Limited ("Mawdsleys") to act in a way which they consider promotes the long-term benefit of its members as a whole. In doing so, the Directors take due consideration, amongst other matters, to the:

**a. Likely consequences of any decisions in the long term**

The Directors ensure that the choices that are made, match Mawdsleys' core objective of delivering sustainable, innovative solutions to healthcare customers.

**b. Interests of the company's employees**

In the past twelve months the Directors have continued to publish a quarterly newsletter and have expanded regular staff briefings, to include updates on the company's performance and strategy, as well as question and answer sessions with the CEO. These meetings also included the introduction of the company's core values and following the inaugural staff engagement survey, acted as a springboard for the formation of Focus groups at each of our sites to allow a free flow of information and ideas.

**c. Need to foster the company's business relationships with suppliers, customers and others**

Outstanding customer service is fundamental to Mawdsleys and relationships between managers and other parties in the supply chain, particularly our international supplier network and loyal customers, remain central to all our business divisions. As a pharmaceutical wholesaler, the company regards regulatory compliance with the utmost importance and we seek to foster open and productive relationships with all relevant regulatory bodies.

**d. Impact of the company's operations on the community and the environment**

Mawdsleys works closely with local colleges to recruit apprentices, when suitable vacancies arise, following our policy to attract, recruit, retain and develop the best. Mawdsleys is also a member of EV100 part of The Climate Group, which aims to bring together global corporate leaders committed to driving the transition to electrified road transport. In addition, recent vehicle additions to the logistics fleet have been fitted with Trillar solar mats saving fuel, CO2 and maintenance costs.

**e. Desirability of the company maintaining a reputation for high standards of business conduct**

Training is provided to Directors and Senior Managers on corporate governance and covers such areas as Responsibilities of Directors, GDPR, Bribery Act and Health and Safety requirements, but more importantly, the Directors remind staff regularly that our ultimate customer is the patient in need of a critical medicine.

**f. Need to act fairly as between all members of the company**

Over the past year, there has been regular dialogue with all shareholders, communicating an overview of future initiatives and whatever their size interest in Mawdsleys, providing a platform for views to be considered.

On behalf of the board



W J Sanders  
Director

30 MARCH 2021

# **MAWDSLEY-BROOKS & COMPANY LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2020**

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The directors present their annual report and financial statements for the year ended 31 March 2020.

#### **Principal activities**

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

#### **Results and dividends**

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £nil (2019: £Nil). The directors do not recommend payment of a further dividend.

#### **Directors**

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

I C Brownlee	(Resigned 31 March 2020)
S J Ellison	(Resigned 31 March 2020)
C P Currimjee	
G Sanderson-Watts	
Dr J Mawdsley	
S P Westall	
D Belcher	
W J Sanders	
W J Westall	(Appointed 12 February 2020)

SJ Ellison resigned as Company Secretary on 31 December 2019 and B Mistry was appointed as Company Secretary on 1 January 2020.

#### **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.

#### **Employee involvement**

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is described in more detail in the Section 172 (1) statement. The company aims to achieve a shared commitment from employees to the success of the business of which they are employees.

#### **Auditor**

RSM 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.

#### **Energy and carbon reporting**

The company's ultimate parent undertaking is Mawdsleys Group Investments Ltd and the company's greenhouse gas emissions, energy consumption and energy efficiency activities are reported in the group accounts of Mawdsleys Group Investments Ltd.

## MAWDSLEY-BROOKS & COMPANY LIMITED

### DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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#### Matters of Strategic Importance

Information is not shown within the Directors' Report as it is instead included within the Strategic Report on page 1 under S414c(11). This is in respect of future developments and outlook and the statement of how directors have paid regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that, including on the principal decisions taken by the company during the financial year, financial risk management objectives and employee disclosures.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



W J Sanders  
Director

Date: 30 MARCH 2021

# **MAWDSLEY-BROOKS & COMPANY LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 31 MARCH 2020**

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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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### **Opinion**

We have audited the financial statements of Mawdsley-Brooks & Company Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 Auditor's 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 UK, including the FRC'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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### **Opinions 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.

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

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### 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 6, 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.

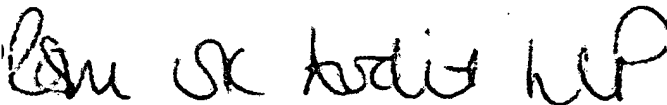
### Auditor's responsibilities for the audit of the financial statements

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 auditor's 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.

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

### 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 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.



Karen Musgrave (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Bluebell House  
Brian Johnson Way  
Preston  
Lancashire, PR2 5PE

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30 March 2021

# MAWDSLEY-BROOKS & COMPANY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

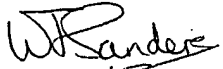
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £'000	2019 £'000
Turnover	3	359,230	312,901
Cost of sales		(327,513)	(289,201)
<b>Gross profit</b>		<b>31,717</b>	<b>23,700</b>
Distribution costs		(19,244)	(16,586)
Administrative expenses		(9,595)	(6,728)
Other operating income		767	948
<b>Profit before taxation</b>		<b>3,645</b>	<b>1,334</b>
Tax on profit	8	(947)	(274)
<b>Profit for the financial year</b>		<b>2,698</b>	<b>1,060</b>

**MAWDSLEY-BROOKS & COMPANY LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2020**

		2020	2019
	Notes	£'000	£'000
<b>Fixed assets</b>			
Intangible assets	9	1	1
Tangible assets	10	11,706	12,449
Investments	11	76	76
		11,783	12,526
<b>Current assets</b>			
Stocks	13	17,386	12,043
Debtors	14	74,828	51,790
Cash at bank and in hand		21,125	2,602
		113,339	66,435
<b>Creditors: amounts falling due within one year</b>	15	(95,386)	(52,311)
<b>Net current assets</b>		17,953	14,124
<b>Total assets less current liabilities</b>		29,736	26,650
<b>Provisions for liabilities</b>	16	(768)	(380)
<b>Net assets</b>		28,968	26,270
<b>Capital and reserves</b>			
Called up share capital	19	3,138	3,138
Share premium account	20	42	42
Capital redemption reserve	20	4	4
Profit and loss reserves	20	25,784	23,086
<b>Total equity</b>		28,968	26,270

The financial statements were approved by the board of directors and authorised for issue on 30 MARCH 2021 and are signed on its behalf by:

  
W J Sanders  
Director

# MAWDSLEY-BROOKS & COMPANY LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 April 2018</b>	3,138	42	4	22,026	25,210
<b>Year ended 31 March 2019:</b>					
Profit and total comprehensive income for the year	-	-	-	1,060	1,060
<b>Balance at 31 March 2019</b>	3,138	42	4	23,086	26,270
<b>Year ended 31 March 2020:</b>					
Profit and total comprehensive income for the year	-	-	-	2,698	2,698
<b>Balance at 31 March 2020</b>	3,138	42	4	25,784	28,968

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

#### Company information

Mawdsley-Brooks & Company Limited is a private company limited by shares and is registered and 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.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and 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;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Mawdsleys Group Investments Limited. These consolidated financial statements are available from its registered office, Number Three South Langworthy Road, PO Box 18, Salford, M50 2PW.

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 Mawdsleys Group Investments Limited and the results of Mawdsley-Brooks & Company Limited are included in the consolidated financial statements of Mawdsleys Group Investments 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 2020

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#### 1 Accounting policies (Continued)

##### Going concern

At the time of approving the financial statements, the directors have concluded that it is appropriate to prepare the accounts on a going concern basis. A year on from the beginning of the global Covid-19 pandemic, the company continues to have a significant cash reserve, still does not require any external borrowing and has maintained its strong balance sheet. To date the company has not experienced any major negative impact on its financial performance due to Covid-19 and continues to service the needs of its healthcare customers as it has done for the past year. The directors have reviewed financial forecasts for the next 12 months, which allows them to conclude that the company has access to adequate resources in order to continue as a going concern for the foreseeable future.

##### Turnover

Turnover is the total amount receivable for good 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 where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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.

Computer development costs are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost over 3 years straight line.

##### Tangible fixed assets

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

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

Land & buildings	2% straight line
Building improvements	The shorter of 4% straight line or the life of the lease
Leasehold land & buildings	2% straight line
Plant and machinery	15% reducing balance
Fixtures, fittings and equipment	15% reducing balance
Computer equipment	20% straight line
Motor vehicles	25% - 50% 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.

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies (Continued)

##### **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.

##### **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' 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.



# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies (Continued)

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings 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.

#### **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 publicly 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 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.

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies (Continued)

##### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### ***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 transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

##### ***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 date.

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.

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies (Continued)

##### **Provisions**

Provisions are recognised when the company has a legal or constructive present obligation 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 reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

##### **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**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

##### **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.

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 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:

	2020 £'000	2019 £'000
<b>Turnover analysed by class of business</b>		
Pharmaceutical wholesaling	359,230	312,901
	<u>          </u>	<u>          </u>
	2020 £'000	2019 £'000
<b>Turnover analysed by geographical market</b>		
United Kingdom	345,739	304,298
Overseas	13,491	8,603
	<u>          </u>	<u>          </u>
	359,230	312,901
	<u>          </u>	<u>          </u>

#### 4 Employees

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

	2020 Number	2019 Number
Sales and distribution	376	306
Office and management	46	25
	<u>          </u>	<u>          </u>
	422	331
	<u>          </u>	<u>          </u>

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 4 Employees (Continued)

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	11,696	7,974
Social security costs	1,108	749
Pension costs	622	610
	<u>13,426</u>	<u>9,333</u>

### 5 Auditor's remuneration

Fees payable to the company's auditor and its associates:

#### For audit services

	2020 £'000	2019 £'000
Audit of the financial statements of the company	20	20
Audit of the financial statements of the company's subsidiaries	1	7
	<u>21</u>	<u>27</u>

#### For other services

Taxation compliance services	3	3
Other taxation services	34	-
All other non-audit services	6	-
	<u>43</u>	<u>3</u>

### 6 Operating profit

	2020 £'000	2019 £'000
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(250)	-
Depreciation of owned tangible fixed assets	1,434	1,024
Loss/(profit) on disposal of tangible fixed assets	82	(5)
Cost of stocks recognised as an expense	327,513	289,201
Operating lease charges	<u>2,821</u>	<u>2,957</u>

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 7 Directors' remuneration

	2020 £'000	2019 £'000
Remuneration for qualifying services	607	1,536
Company pension contributions to defined contribution schemes	43	196
	<u>650</u>	<u>1,732</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 2).

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

	2020 £'000	2019 £'000
Remuneration for qualifying services	249	573
Company pension contributions to defined contribution schemes	14	98
	<u>263</u>	<u>671</u>

During the year, 6 of the directors of the company also served as directors of Mawdsley Group Investments Ltd. Of these 6 directors, 4 of them received their emoluments from Mawdsley Group Investments Ltd.

During the year 3 directors were only directors of the company. One of these directors received their remuneration from Mawdsley Group Investments Ltd.

#### 8 Taxation

	2020 £'000	2019 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	607	190
Adjustments in respect of prior periods	26	(11)
Group tax relief	92	-
	<u>725</u>	<u>179</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	209	95
Changes in tax rates	41	-
Adjustment in respect of prior periods	(28)	-
	<u>222</u>	<u>95</u>
<b>Total tax charge</b>	<u>947</u>	<u>274</u>

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 8 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2020 £'000	2019 £'000
Profit before taxation	3,645	1,334
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	693	253
Tax effect of expenses that are not deductible in determining taxable profit	10	2
Adjustments in respect of prior years	26	(11)
Group relief	(92)	-
Depreciation on assets not qualifying for tax allowances	206	40
Deferred tax adjustments in respect of prior years	-	1
Adjustments to deferred tax in respect of prior periods	(28)	-
Adjust deferred tax to average rate of 19%	-	(11)
Remeasurement of deferred tax for change in tax rates	41	-
Adjustment to brought forward values	(1)	-
Group relief payment	92	-
Taxation charge for the year	947	274

The Chancellor has stated his intention to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and 17% from 1 April 2020. This change was substantively enacted on 26 October 2015. On 17 March 2020, the Chancellor of the Exchequer announced the UK corporation tax rate would not be reduced to 17% and would remain at 19%.

#### 9 Intangible fixed assets

	Computer development costs £'000	Patents and trademarks £'000	Total £'000
<b>Cost</b>			
At 1 April 2019 and 31 March 2020	30	3	33
<b>Amortisation and impairment</b>			
At 1 April 2019 and 31 March 2020	30	2	32
<b>Carrying amount</b>			
At 31 March 2020	-	1	1
At 31 March 2019	-	1	1

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

10 Tangible fixed assets	Land & buildings improvements	Building improvements	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 2019	4,189	3,357	3,242	8,903	4,065	830	24,586
Additions	24	47	192	70	314	270	917
Disposals	(9)	(15)	(13)	(362)	(36)	(394)	(829)
Transfers	2,652	(1,177)	-	(1,560)	(114)	4	(195)
At 31 March 2020	6,856	2,212	3,421	7,051	4,229	710	24,479
<b>Depreciation and impairment</b>							
At 1 April 2019	592	1,568	2,434	3,411	3,734	398	12,137
Depreciation charged in the year	125	183	132	671	196	127	1,434
Eliminated in respect of disposals	(2)	(7)	(11)	(303)	-	(286)	(609)
Transfers	973	(424)	-	(503)	(243)	8	(189)
At 31 March 2020	1,688	1,320	2,555	3,276	3,687	247	12,773
<b>Carrying amount</b>							
At 31 March 2020	5,168	892	866	3,775	542	463	11,706
At 31 March 2019	3,597	1,789	808	5,492	331	432	12,449

Land and buildings all relate to freehold property.



# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 11 Fixed asset investments

	Notes	2020 £'000	2019 £'000
Investments in subsidiaries	12	76	76

#### Movements in fixed asset investments

	Shares in group undertakings £'000
<b>Cost</b>	
At 1 April 2019 & 31 March 2020	76
<b>Carrying amount</b>	
At 31 March 2020	76
At 31 March 2019	76

### 12 Subsidiaries

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

Details of the company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Mawdsleys Pharmaceuticals Do Brasil Ltda	Brazil	Marketing Company	Ordinary	10.00
M.B.I. Pharma Ltd	Israel	Marketing Company	Ordinary	76.00
Pathfinder Healthcare Limited	England & Wales	Non-trading	Ordinary	52.00
Ultrapos Limited	England & Wales	Dormant	Ordinary	100.00
Wellspring Pharmaceutical Services Limited	England & Wales	Dormant	Ordinary	100.00
Wellspring Pharmaceutical Services UK Limited	England & Wales	Dormant	Ordinary	100.00

Registered office addresses:

UK subsidiaries - Number Three South Langworthy Road, PO BOX 18, Salford, Lancashire, M50 2PW

MBI Pharma Ltd - HaOreg 4, HaSharon Industrial Park, PO Box 5061, Kadima, Israel 6092000

Mawdsleys Pharmaceuticals Do Brasil Ltda - Rua Dom José de Barros, no.177, 5º andar, conjunto 501, República, CEP 01038-100, in the city of São Paulo, State of São Paulo, Brazil

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 13 Stocks

	2020 £'000	2019 £'000
Raw materials and consumables	-	77
Finished goods and goods for resale	17,386	11,966
	<u>17,386</u>	<u>12,043</u>

### 14 Debtors

	2020 £'000	2019 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	55,468	34,010
Corporation tax recoverable	-	182
Amounts owed by group undertakings	16,019	16,666
Other debtors	10	37
Prepayments and accrued income	3,331	895
	<u>74,828</u>	<u>51,790</u>

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

	2020 £'000	2019 £'000
Trade creditors	71,554	36,238
Amounts owed to group undertakings	12,062	11,383
Corporation tax	106	-
Other taxation and social security	4,034	1,097
Other creditors	78	78
Accruals and deferred income	7,552	3,515
	<u>95,386</u>	<u>52,311</u>

### 16 Provisions for liabilities

	Notes	2020 £'000	2019 £'000
Provision for dilapidations of leasehold improvements		165	-
Deferred tax liabilities	17	603	380
		<u>768</u>	<u>380</u>

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 16 Provisions for liabilities (Continued)

Movements on provisions apart from deferred tax liabilities:

**Provision for  
dilapidations  
of leasehold  
improvements  
£'000**

It is expected that the dilapidations provision will be utilised over the remaining lives of the leases

165

### 17 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:

	<b>Liabilities 2020 £'000</b>	<b>Liabilities 2019 £'000</b>
<b>Balances:</b>		
Accelerated Capital Allowances	610	380
Short term timing differences	(7)	-
	<u>603</u>	<u>380</u>
<b>Movements in the year:</b>		<b>2020 £'000</b>
Liability at 1 April 2019		380
Charge to profit or loss		223
Liability at 31 March 2020		<u>603</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.

### 18 Retirement benefit schemes

	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>622</u>	<u>610</u>

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. Contributions totalling £72,953 (2019: £53,748) were unpaid to the fund at the year end and are included in creditors.

# MAWDSLEY-BROOKS & COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 19 Share capital

	2020 £'000	2019 £'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 2020

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#### 20 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.

#### 21 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:

	2020 £'000	2019 £'000
Within one year	889	951
Between one and five years	2,571	3,057
In over five years	457	822
	<u>3,917</u>	<u>4,830</u>

#### 22 Ultimate 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.