

Company Registration No. 02196274 (England and Wales)

A & S SHILLAM LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2017

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A & S SHILLAM LIMITED

COMPANY INFORMATION

Directors	Mrs J E Fernando Mrs N A Cerda	(Appointed 16 October 2017) (Appointed 16 October 2017)
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Company number	02196274
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Registered office	Globe House Eclipse Park Sittingbourne Road Maidstone Kent ME14 3EN
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Auditor	Wilkins Kennedy LLP Globe House, Eclipse Park Sittingbourne Road Maidstone Kent ME14 3EN
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Bankers	HSBC Bank Plc 8 Canada Square London E14 5HQ
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A & S SHILLAM LIMITED

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A & S SHILLAM LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2017

The directors present the strategic report and financial statements for the year ended 30 April 2017.

Review of the Business

The principal activities of the company continued to be that of the operator of retail pharmacies.

Development and performance

There have not been any significant changes in the company's principal activities in the year under review, and at the date of this report, the directors are not aware of any likely changes in the company's activities in the next year.

As reported in the company's profit and loss account on page 8 the company's turnover has increased this year from £16,370,843 to £16,379,690. While this reflects the impact of a full year of trading for the pharmacy acquired during the previous year, this has been largely offset by a decrease in NHS remuneration due to funding cuts from December 2016. Operating profit before tax has decreased from £394,979 to £358,190 which further reflects the effect of the reduction in NHS funding.

As at 30 April 2017 the company was in breach of certain financial covenants as more fully disclosed in the accounting policies. Subsequent to the balance sheet date, and prior to approval of these financial statements, these covenants were replaced. The directors consider that the new covenants now in place provide the company with a good level of available headroom.

Key performance indicators

Management use a range of performance measures to monitor and manage the business. The KPIs used to determine the progress and performance of the company are set out below:

Gross profit margin

The company's gross profit margin decreased slightly in the year under review from 28.5% to 27.4%.

Turnover

As indicated above, the company's turnover, which is largely driven by the number of prescriptions processed, increased by 0.05% on that achieved in 2016.

Financial position at the reporting date

The balance sheet shows that the company's net assets at the year end have decreased from £1,459,424 to £1,388,094. This reflects the payment of a dividend of £132,000 during the year in excess of the post tax profit achieved.

A & S SHILLAM LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

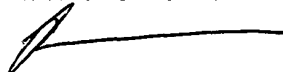
Principal risks and uncertainties

During the year the company maintained a strong position in its principal activity, the operation of retail pharmacies. Accurate figures as to total market and market share are impossible to calculate.

The principal risks and uncertainties facing the company are as follow:

- Competitor pressure - the market in which the company operates is considered to be relatively competitive, and therefore competitor pressure could result in losing sales to key competitors. The company manages this risk by providing an expanding range of healthcare services to its customers and ensuring a high level of service.
- Loss of an NHS contract - the loss of one or more contracts would impact on turnover. The company manages this risk by implementing procedures to ensure compliance with regulations applicable to its business.
- Reliance on key suppliers - the company's purchasing activities could expose it to over-reliance on certain suppliers. The company manages this risk by ensuring there is a strong relationship with its main supplier, but ensuring that there are potential alternative suppliers that may be used if necessary.
- Loss of key personnel - this would present significant operational difficulties for the company. Management seek to ensure that key personnel are appropriately remunerated to ensure that good performance is recognised.
- Changes in NHS funding - as noted above the level of funding was reduced from December 2016 and possible future funding cuts are a continuing risk. The company seeks to mitigate the effect of such changes by looking for efficiency savings and seeking to expand the range of services provided with a view to replacing lost income as far as possible.

On behalf of the board



.....
Mrs J E Fernando

Director

8/2/18.....

A & S SHILLAM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2017

The directors present their annual report and financial statements for the year ended 30 April 2017.

Directors

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

Mr J. A. Lynch-Batten	(Resigned 16 October 2017)
Mrs J E Fernando	(Appointed 16 October 2017)
Mrs N A Cerda	(Appointed 16 October 2017)

Results and dividends

The profit for the year after taxation is shown on page 8 of the financial statements. Further commentary is provided in the strategic report on pages 1 to 2.

Ordinary dividends were paid amounting to £132,000. The directors recommended payment of a final dividend amounting to £187,000, which was paid on 29 November 2017.

Future developments

The company is well poised to develop its main core business and continues to address the effect of competitive pressures experienced during 2016/17, as well as cuts to NHS funding.

Financial instruments

The company's principal financial instruments comprise bank balances, bank loans and trade and other creditors. The main purpose of these instruments is to raise funds for and to finance the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risks. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by transferring funds between the accounts of the company to obtain the maximum rate of interest, whilst not impacting on the financial needs of the company.

For bank loans, trade and other creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due and that borrowings are flexible and available in the medium term.

Auditor

The auditor, Wilkins Kennedy LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the review and analysis of the business during the current year.

A & S SHILLAM LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

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, the directors individually 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.

On behalf of the board



.....
Mrs J E Fernando

Director

8/2/18
.....

A & S SHILLAM LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2017

The directors are responsible for preparing the annual 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;
- 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.

A & S SHILLAM LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A & S SHILLAM LIMITED

We have audited the financial statements of A & S Shillam Limited for the year ended 30 April 2017 set out on pages 8 to 27. 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 FRS 102 "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 explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 30 April 2017 and of its loss 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 matters prescribed by the Companies Act 2006

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

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 and Directors' Report.

A & S SHILLAM LIMITED

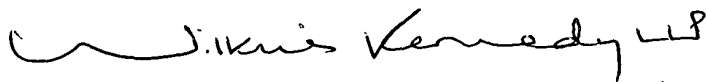
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF A & S SHILLAM LIMITED

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Daniel Graves FCA (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy LLP

09/02/2018

Chartered Accountants
Statutory Auditor

Globe House, Eclipse Park
Sittingbourne Road
Maidstone
Kent
ME14 3EN

A & S SHILLAM LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 30 APRIL 2017**

		2017	2016
	Notes	£	£
Turnover	3	16,379,690	16,370,843
Cost of sales		(11,890,467)	(11,700,642)
Gross profit		<u>4,489,223</u>	<u>4,670,201</u>
Administrative expenses		(4,254,131)	(4,323,469)
Other operating income		<u>123,098</u>	<u>48,247</u>
Operating profit	4	358,190	394,979
Provision against loan to fellow subsidiary undertaking		(117,202)	(1,583,078)
Interest receivable and similar income	7	2	96
Interest payable and similar expenses	8	(80,399)	(107,182)
Profit/(loss) before taxation		<u>160,591</u>	<u>(1,295,185)</u>
Taxation	9	(217,123)	446,361
Loss for the financial year		<u>(56,532)</u>	<u>(848,824)</u>

There are no recognised gains and losses other than those passing through the profit and loss account.

A & S SHILLAM LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2017

	2017	2016
	£	£
Loss for the year	(56,532)	(848,824)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(56,532)</u>	<u>(848,824)</u>

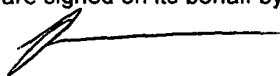
A & S SHILLAM LIMITED

BALANCE SHEET

AS AT 30 APRIL 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Goodwill	11	4,177,970		4,750,621	
Tangible assets	12	1,113,657		1,214,576	
Investments	13	300		300	
		<u>5,291,927</u>		<u>5,965,497</u>	
Current assets					
Stocks	16	1,104,400		1,016,178	
Debtors	17	3,970,381		5,256,682	
Cash at bank and in hand		83,063		107,935	
		<u>5,157,844</u>		<u>6,380,795</u>	
Creditors: amounts falling due within one year	18	<u>(9,178,579)</u>		<u>(7,943,162)</u>	
Net current liabilities		<u>(4,020,735)</u>		<u>(1,562,367)</u>	
Total assets less current liabilities		1,271,192		4,403,130	
Creditors: amounts falling due after more than one year	19		(300)		(2,943,706)
Net assets		<u>1,270,892</u>		<u>1,459,424</u>	
Capital and reserves					
Called up share capital	23	100		100	
Profit and loss reserves		1,270,792		1,459,324	
Total equity		<u>1,270,892</u>		<u>1,459,424</u>	

The financial statements were approved by the board of directors and authorised for issue on 08/02/2018 and are signed on its behalf by:



.....
Mrs J E Fernando
Director

Company Registration No. 02196274

A & S SHILLAM LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 30 APRIL 2017**

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 May 2015		100	2,308,148	2,308,248
Year ended 30 April 2016:				
Loss and total comprehensive income for the year		-	(848,824)	(848,824)
Balance at 30 April 2016		100	1,459,324	1,459,424
Year ended 30 April 2017:				
Loss and total comprehensive income for the year		-	(56,532)	(56,532)
Dividends	10	-	(132,000)	(132,000)
Balance at 30 April 2017		100	1,270,792	1,270,892

A & S SHILLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

1 Accounting policies

Company information

A & S Shillam Limited is a private company limited by shares incorporated in England and Wales. The registered office is Globe House, Eclipse Park, Sittingbourne Road, Maidstone, Kent, ME14 3EN. Its principal place of business is Parkwood Industrial Estate, Sutton Road, Maidstone, Kent, ME15 9NN.

1.1 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.

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 £.

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

Advantage has been taken of the exemption from the requirement to present a cash flow statement as part of the company's financial statements as the company is a qualifying entity, it being a member of a group that prepares publically available consolidated financial statements.

1.2 Going concern

At 30 April 2017 the company was in breach of two of its bank covenants, in respect of debt service cover, and the company's bankers did not issue a waiver letter in that respect, in the year under review. Notwithstanding the absence of such waiver letter, the bank has expressed its intention to continue to support the company. To this end, the financial covenants have been replaced with an EBITDA to interest covenant, giving a good level of available headroom.

Taking the above into consideration, Financial Reporting Standards have required the company to reclassify all of its bank debt as "short-term" in the financial statements.

Having carefully reviewed the plans and considered the risks, at the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents National Health Service income from prescriptions and ancillary services, which is recognised once medicines etc. have been supplied and payment authorised, and the income of the retail pharmacies in respect of over the counter sales.

A & S SHILLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

1 Accounting policies

1.4 Intangible fixed assets - goodwill

Goodwill in the company balance sheet represents the amount paid on the acquisition of retail pharmacy businesses and also results from the hive up of the trade and assets of the company's subsidiary undertakings in prior years. The cost of the company's investments in those subsidiaries reflected the underlying fair value of their net assets and goodwill at the time of their acquisition.

As a result of these transfers the value of the company's investments in the subsidiary undertakings fell below the amount at which they were stated in the company's accounting records. The Companies Act requires that the investments be written down accordingly and that the amount be charged as a loss in the company's profit and loss account. However the directors consider that as there has been no overall loss to the company it would fail to give a true and fair view to charge the diminution to the company's profit and loss account and it should instead be re-allocated to goodwill.

This accounting policy represents a departure from paragraph 18 of part 2 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. This is considered necessary in order to provide a true and fair view. The effect on the company's balance sheet of this departure from the Companies Act was to recognise goodwill of £7,025,201 (2016: £7,025,201) before amortisation.

The Companies Act 2006 also requires goodwill to be amortised over its useful economic life.

The acquired businesses are long established and profitable. The company maintains records for each of the acquired businesses sufficient to be able to measure the contribution that each of them makes to the company.

The directors have assessed the life of the goodwill and concluded that the useful economic life of the goodwill is 10 years.

1.5 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.

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:

Freehold buildings	2% on cost
Leasehold land and buildings	over the period of the lease
Fixtures, fittings & equipment	20% on written down value
Computer equipment	25% on cost
Motor vehicles	25% on cost

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.

1.6 Fixed asset investments

Interests in subsidiaries 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.

A & S SHILLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

1 Accounting policies

1.7 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.

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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stock is valued by professional stocktakers at the lower of cost and net realisable value.

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.

1.9 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company applies the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments, which are classified as basic.

Financial instruments are recognised in the company's statement of financial position 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 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

A & S SHILLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

1 Accounting policies

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. 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 creditors, bank loans and loans to 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 receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

1.11 Equity instruments

Equity instruments issued by the company are recorded at the 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.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

A & S SHILLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

1 Accounting policies

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 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.

1.14 Retirement benefits

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

1.15 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

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.

1.16 Consolidation

The company is exempt from the obligation to prepare group accounts under Section 400 of the Companies Act 2006.

A & S SHILLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no material indicators of impairments identified during the current financial year.

Goodwill

All intangible fixed assets are considered to have a finite useful life and if an entity is unable to make a reliable estimate of the useful life of its intangible assets, the life shall not exceed 10 years. In view of the presumption of a finite life the company's goodwill amortisation policy is that goodwill is written off on a straight line basis over 10 years.

Recoverability of intercompany debtor

Management has considered the recoverability of the loan to Ginova UK Limited, a fellow subsidiary undertaking, in the light of the impact of the decision in the EU referendum on 23 June 2016. In view of the uncertainties going forward, and to be prudent, a provision of £117,202 has been made against the debt due as at 30 April 2017 (2016: provision of £1,583,078).

A & S SHILLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

2 Judgements and key sources of estimation uncertainty

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Estimating value in use

Where an indication of impairment exists the directors will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the asset or cash generating unit and a suitable discount rate in order to calculate present value.

Determining residual values and useful economic lives of tangible fixed assets (property, plant and equipment)

The company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for tangible fixed assets. When determining the residual value management aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

3 Turnover and other revenue

The company's turnover relates solely to its principal activity and arises in the United Kingdom.

4 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	18,360	18,420
Depreciation of owned tangible fixed assets	139,366	134,650
Amortisation of intangible assets	572,651	743,216
Cost of stocks recognised as an expense	11,890,467	11,700,642
Operating lease charges	289,379	291,040

5 Employees

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

	2017	2016
	Number	Number
Pharmacists and shop staff	155	151
Management	1	1
	156	152

A & S SHILLAM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 APRIL 2017****5 Employees**

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	2,249,423	2,136,416
Social security costs	132,201	120,016
Pension costs	9,619	7,731
	<u>2,391,243</u>	<u>2,264,163</u>

6 Directors' remuneration

	2017	2016
	£	£
Remuneration for qualifying services	<u>3,500</u>	<u>5,780</u>

7 Interest receivable and similar income

	2017	2016
	£	£
Interest income		
Interest on bank deposits	2	50
Other interest income	-	46
	<u>2</u>	<u>96</u>

8 Interest payable and similar expenses

	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	78,570	105,876
Other interest on financial liabilities	1,829	1,295
	<u>80,399</u>	<u>107,171</u>
Other finance costs:		
Other interest	-	11
	<u>80,399</u>	<u>107,182</u>

A & S SHILLAM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 APRIL 2017****9 Taxation**

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	86,627	131,552
Adjustments in respect of prior periods	(5,050)	-
Benefit arising from a previously unrecognised tax loss or credit	-	(8,908)
Payment in respect of group relief	88,755	59,206
Total current tax	<u>170,332</u>	<u>181,850</u>
Deferred tax		
Origination and reversal of timing differences	39,201	(628,211)
Adjustment in respect of prior periods	7,590	-
Total deferred tax	<u>46,791</u>	<u>(628,211)</u>
Total tax charge/(credit)	<u>217,123</u>	<u>(446,361)</u>

The actual charge/(credit) for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit/(loss) before taxation	<u>160,591</u>	<u>(1,295,185)</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.92% (2016: 20.00%)	31,990	(259,037)
Tax effect of expenses that are not deductible in determining taxable profit	27,022	318,189
Group relief	(88,755)	(60,568)
Under/(over) provided in prior years	2,540	(8,908)
Fixed asset differences	142,222	(530,358)
Payment for group relief	88,755	59,206
Adjust deferred tax to average rate	<u>13,349</u>	<u>35,115</u>
Tax (credit)/expense for the year	<u>217,123</u>	<u>(446,361)</u>

10 Dividends

	2017 £	2016 £
Final paid	<u>132,000</u>	<u>-</u>

A & S SHILLAM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 APRIL 2017****10 Dividends**

The proposed final dividend for the year ended 30 April 2017 is:

	Per share	2017	2016
	£	Total	Total
		£	£
Ordinary shares	1,870.00	187,000	-

The proposed final dividend is subject to approval by shareholders and has not been included as a liability in these financial statements.

11 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 May 2016 and 30 April 2017	11,760,617
Amortisation and impairment	
At 1 May 2016	7,009,996
Amortisation charged for the year	572,651
At 30 April 2017	7,582,647
Carrying amount	
At 30 April 2017	4,177,970
At 30 April 2016	4,750,621

A & S SHILLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

12 Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Fixtures, Motor vehicles fittings & equipment		Total
	£	£	£	£	£
Cost					
At 1 May 2016	298,753	1,354,402	473,927	11,781	2,138,863
Additions	-	37,632	815	-	38,447
At 30 April 2017	298,753	1,392,034	474,742	11,781	2,177,310
Depreciation and impairment					
At 1 May 2016	14,034	546,684	351,788	11,781	924,287
Depreciation charged in the year	3,983	112,348	23,035	-	139,366
At 30 April 2017	18,017	659,032	374,823	11,781	1,063,653
Carrying amount					
At 30 April 2017	280,736	733,002	99,919	-	1,113,657
At 30 April 2016	284,719	807,718	122,139	-	1,214,576

13 Fixed asset investments

	Notes	2017 £	2016 £
Investments in subsidiaries	14	300	300

14 Subsidiaries

Details of the company's subsidiaries at 30 April 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Longprofit Limited	England and Wales	Dormant	Ordinary	100.00
PB Pharmacy Limited	England and Wales	Dormant	Ordinary	100.00
Sprint 1159 Limited	England and Wales	Dormant	Ordinary	100.00

A & S SHILLAM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 APRIL 2017****14 Subsidiaries**

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Longprofit Limited	-	100
PB Pharmacy Limited	-	(425,976)
Sprint 1159 Limited	-	200

15 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,568,423	4,825,162
Equity instruments measured at cost less impairment	300	300
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	8,982,054	10,694,549
	<u> </u>	<u> </u>

16 Stocks

	2017 £	2016 £
Finished goods and goods for resale	1,104,400	1,016,178
	<u> </u>	<u> </u>

17 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	1,187,234	1,388,299
Corporation tax recoverable	-	8,954
Amount due from parent undertaking	1,952,757	1,952,757
Amounts due from group undertakings	-	1,002,457
Other debtors	428,432	481,649
Prepayments and accrued income	132,713	106,530
	<u> </u>	<u> </u>
	3,701,136	4,940,646
	<u> </u>	<u> </u>
Amounts falling due after one year:		
Deferred tax asset (note 21)	269,245	316,036
	<u> </u>	<u> </u>
Total debtors	<u>3,970,381</u>	<u>5,256,682</u>

A & S SHILLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

17 Debtors

The recoverability of the balance due from a fellow subsidiary of £205,957 is dependent on the future trading performance of the subsidiary, which A & S Shillam Limited continues to support.

18 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	20	2,940,901	819,140
Trade creditors		4,130,102	4,066,329
Corporation tax		86,628	131,543
Other taxation and social security		86,382	30,780
Other creditors		1,910,751	2,865,374
Accruals and deferred income		23,815	29,996
		<u>9,178,579</u>	<u>7,943,162</u>

19 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans	20	-	2,943,406
Amounts due to group undertakings		300	300
		<u>300</u>	<u>2,943,706</u>

At 30 April 2017, the bank loans falling due after one year have been reclassified as creditors falling due within one year. The reclassification is due to a breach of financial covenants with HSBC Bank Plc.

Amounts included above which fall due after five years are as follows:

Payable by instalments	-	<u>623,633</u>
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20 Loans and overdrafts

	2017 £	2016 £
Bank loans	2,940,901	3,629,898
Bank overdrafts	-	132,648
	<u>2,940,901</u>	<u>3,762,546</u>
Payable within one year	2,940,901	819,140
Payable after one year	-	<u>2,943,406</u>

A & S SHILLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

20 Loans and overdrafts

There were four loans outstanding at the balance sheet date. Two of these are repayable within 5 years and the remaining loans are repayable within 7 years. The loans bear interest at rates between 1.5% and 2.5% per annum above base rate.

The bank loans and overdraft facility are secured by fixed and floating charges over all the assets of the company and of its parent company, Clementine Associates Limited. Security is also given by an unlimited cross guarantee (see note 24).

21 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:

	Assets 2017 £	Assets 2016 £
Balances:		
Fixed asset timing differences	<u>269,245</u>	<u>316,036</u>
Movements in the year:		2017 £
Asset at 1 May 2016		316,036
Charge to profit or loss		<u>(46,791)</u>
Asset at 30 April 2017		<u>269,245</u>

The deferred tax asset set out above, which is calculated at 17%, is expected to reverse over a period of 13 years and relates to the utilisation of the unamortised tax written down value of goodwill against future expected profits of the same period.

22 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>9,619</u>	<u>7,731</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.

A & S SHILLAM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 APRIL 2017****23 Share capital**

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

24 Financial commitments, guarantees and contingent liabilities

The company is party to an inter-company composite guarantee over all its assets, together with its parent company, in respect of bank loans and overdrafts of the group. At 30 April 2017 the amount of indebtedness of the group subject to this guarantee, net of in hand bank balances, was £2,885,760 (2016: £3,774,051).

25 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:

	2017 £	2016 £
Within one year	292,550	289,550
Between two and five years	1,003,658	1,058,950
In over five years	1,858,958	2,085,217
	<u>3,155,166</u>	<u>3,433,717</u>

26 Events after the reporting date

Subsequent to the balance sheet date, the company's financial covenants in respect of bank loans were updated as more fully disclosed in accounting policy 1.2.

A & S SHILLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017	2016
	£	£
Aggregate compensation	<u>3,500</u>	<u>5,780</u>

At 30 April 2017 the company's immediate parent company, Clementine Associates Limited, owed the company £1,952,757 (2016: £1,952,757). During the year dividends totalling £132,000 were paid to Clementine Associates Limited.

At 30 April 2017 Ginova UK Limited, a fellow subsidiary of Clementine Associates Limited and which is a company incorporated in England and Wales, owed the company £1,789,037 (2016: £2,585,535). A provision of £117,202 has been made against the balance in the year to 30 April 2017 (2016: £1,583,078).

28 Controlling party

The company is a wholly-owned subsidiary of Clementine Associates Limited, which is a company incorporated in England and Wales.

Clementine Associates Limited is the parent of the smallest and largest group which consolidates the financial information of the company. Copies of the group's financial statements can be obtained from the company's registered office.

The company is controlled by J Giltrow and A Chantler, being the trustees of the Clementine Settlement, which is the sole shareholder of Clementine Associates Limited.