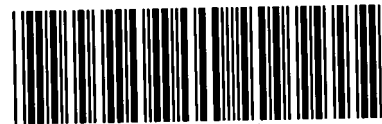


Company Registration No. 03784836 (England and Wales)

PILL BOX CHEMISTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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PILL BOX CHEMISTS LIMITED

COMPANY INFORMATION

Directors	Davinder Singh Virdee Harminder Kaur Virdee
Secretary	Harminder Kaur Virdee
Company number	03784836
Registered office	17 David Road Poyle Industrial Estate Colnbrook SL3 0DB
Auditor	KLSA LLP 28-30 St. John's Square London EC1M 4DN
Business address	17 David Road Poyle Industrial Estate Colnbrook SL3 0DB
Bankers	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN
Solicitors	P D T Solicitors Chancert Court Queen Street Horsham West Sussex RH13 5AD

PILL BOX CHEMISTS LIMITED

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PILL BOX CHEMISTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2017

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

Fair review of the business

The company continues to trade satisfactorily with the pharmacies acquired over the last few years. Turnover for the year ended 30 June 2017 amounted to £25m compared to £23m in the previous year and the operating profit for the year is £193k compared to previous year £219k.

Whilst the balance sheet has a deficit, the directors are of the opinion that the market values of pharmacy licences are significantly higher than their historic cost price.

Future developments

The directors aim to continue with the management policies which has resulted in the company's steady growth in recent years. The outlook for 2018 is reasonably encouraging with the director being optimistic that current performance can be maintained.

Principal risks and uncertainties

The company faces a number of operating risks and uncertainties. There are a small number of risks that could impact the company's long term performance and steps are taken to understand and evaluate these in order to achieve our objective of sustainable growth.

The business operates in regulated markets and could be adversely affected by changes to existing regulation, new regulation and/or failure to comply with regulation.

Pharmaceutical wholesale sales are subject to a range of regulations relating to such things as product margins, product traceability and the conditions under which products must be stored.

The management have a risk management process in place, which is designed to identify, manage and mitigate business risks.

Financial risk management objectives and policies

The business has various tools to manage financial risk. Quarterly analysis of performance is prepared by management to provide updates on trading and profitability. Controls by management are in place to manage the cash requirements of the business on a monthly basis with a focus on stock control, debtors and creditors.

The key financial risks are described below:

Interest rate risk

The directors monitor the banking facilities and interest rates on a regular basis to make sure that the company is not exposed to material levels of interest rate risk. The company has in place variable interest rates on its loans over a medium term period.

Liquidity risk

In respect of bank balances the liquidity is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at fixed rates of interest. The company also manages the liquidity risk by using the draw down facility. Trade creditor liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Credit risk

The company monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk.

PILL BOX CHEMISTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

Key performance indicators

The key financial performance indicators of the company are Gross profit margin and EBITDA.

During the year, the company achieved GP margin of 22% (2016: 23.8%) and EBITDA of £1.25m (2016: £1.3m).

The key non financial performance indicators are customer service and satisfaction.

On behalf of the board



Davinder Singh Virdee

Director

27 March 2018

PILL BOX CHEMISTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

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

Principal activities

The principal activity of the company continued to be that of operating community pharmacies and wholesale distribution of pharmaceutical and associated products.

Directors

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

Davinder Singh Virdee
Harminder Kaur Virdee

Results and dividends

The results for the year are set out on page 7.

The directors do not recommend payment of an ordinary dividend.

Auditor

KLSA LLP are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Statement of directors' responsibilities

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;
- 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.

Statement of disclosure to auditor

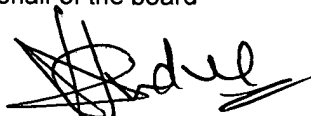
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to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

PILL BOX CHEMISTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

On behalf of the board



Davinder Singh Virdee

Director

27 March 2018

PILL BOX CHEMISTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PILL BOX CHEMISTS LIMITED

Opinion

We have audited the financial statements of Pill Box Chemists Limited (the 'company') for the year ended 30 June 2017 which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows 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 30 June 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.

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

PILL BOX CHEMISTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PILL BOX CHEMISTS LIMITED

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 and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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.

Ketan Shah (Senior Statutory Auditor)
for and on behalf of KLSA LLP

27 March 2018

Chartered Accountants
Statutory Auditor

28-30 St. John's Square
London
EC1M 4DN

PILL BOX CHEMISTS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	2016 £
Turnover	3	25,034,469	23,180,254
Cost of sales		(19,533,489)	(17,664,945)
Gross profit		5,500,980	5,515,309
Administrative expenses		(5,448,119)	(5,436,615)
Other operating income		140,332	140,080
Operating profit	4	193,193	218,774
Interest receivable and similar income	8	183	981
Interest payable and similar expenses	9	(190,205)	(230,141)
Profit/(loss) before taxation		3,171	(10,386)
Tax on profit/(loss)	10	(54,585)	2,022
Loss for the financial year		(51,414)	(8,364)

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

PILL BOX CHEMISTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	£	£
Loss for the year	(51,414)	(8,364)
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	(51,414)	(8,364)
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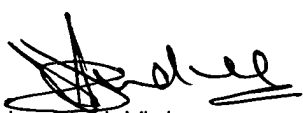
PILL BOX CHEMISTS LIMITED

BALANCE SHEET

AS AT 30 JUNE 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Goodwill	11	3,494,174		4,414,299	
Tangible assets	12	1,618,871		1,626,973	
Investments	13	913		913	
		<u>5,113,958</u>		<u>6,042,185</u>	
Current assets					
Stocks	16	1,892,450		1,869,720	
Debtors	17	2,747,783		3,933,340	
Cash at bank and in hand		1,094,750		352,495	
		<u>5,734,983</u>		<u>6,155,555</u>	
Creditors: amounts falling due within one year	18	<u>(4,339,586)</u>		<u>(4,757,724)</u>	
Net current assets		<u>1,395,397</u>		<u>1,397,831</u>	
Total assets less current liabilities		<u>6,509,355</u>		<u>7,440,016</u>	
Creditors: amounts falling due after more than one year	19	(6,989,894)		(7,869,141)	
Net liabilities		<u>(480,539)</u>		<u>(429,125)</u>	
Capital and reserves					
Called up share capital	22	1,000		1,000	
Revaluation reserve		252,024		252,024	
Profit and loss reserves		(733,563)		(682,149)	
Total equity		<u>(480,539)</u>		<u>(429,125)</u>	

The financial statements were approved by the board of directors and authorised for issue on 27 March 2018 and are signed on its behalf by:


 Davinder Singh Virdee
 Director

Company Registration No. 03784836

PILL BOX CHEMISTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 July 2015		1,000	257,529	(679,290)	(420,761)
Year ended 30 June 2016:					
Loss and total comprehensive income for the year		-	-	(8,364)	(8,364)
Excess of actual depreciation charge over historical depreciation charge for the year		-	(5,505)	5,505	-
Balance at 30 June 2016		1,000	252,024	(682,149)	(429,125)
Year ended 30 June 2017:					
Loss and total comprehensive income for the year		-	-	(51,414)	(51,414)
Balance at 30 June 2017		1,000	252,024	(733,563)	(480,539)

PILL BOX CHEMISTS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	27	2,157,223		985,469	
Interest paid		(190,205)		(230,141)	
Income taxes paid		(47,271)		(116,263)	
Net cash inflow from operating activities		<u>1,919,747</u>		<u>639,065</u>	
Investing activities					
Purchase of tangible fixed assets		(123,475)		(178,692)	
Proceeds from other loans		31,180		61,010	
Interest received		183		981	
Net cash used in investing activities		<u>(92,112)</u>		<u>(116,701)</u>	
Financing activities					
Proceeds of new bank loans		-		9,500,000	
Repayment of bank loans		(806,763)		(9,330,249)	
Net cash (used in)/generated from financing activities		<u>(806,763)</u>		<u>169,751</u>	
Net increase in cash and cash equivalents		<u>1,020,872</u>		<u>692,115</u>	
Cash and cash equivalents at beginning of year		73,878		(618,237)	
Cash and cash equivalents at end of year		<u><u>1,094,750</u></u>		<u><u>73,878</u></u>	
Relating to:					
Cash at bank and in hand		1,094,750		352,495	
Bank overdrafts included in creditors payable within one year		-		(278,617)	

PILL BOX CHEMISTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

Company information

Pill Box Chemists Limited is a private company limited by shares incorporated in England and Wales. The registered office is 17 David Road, Poyle Industrial Estate, Colnbrook, SL3 0DB.

1.1 Accounting convention

These financial statements for the year ended 30 June 2017 are the first financial statements of Pill Box Chemists Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 July 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The accounts of Pill Box Chemists Limited have also adopted the following FRS 102 disclosure exemptions:

- financial instrument disclosures, including:
- categories of financial instruments;
- items of income, expenses, gains or losses relating to financial instruments, and
- exposure to and management of financial risks.

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, modified to include the revaluation of freehold properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 405 of the Companies Act 2006 not to prepare group accounts on the basis that their inclusion in consolidated accounts will not be material for the purpose of giving a true and fair view.

1.2 Going concern

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.

In assessing the validity of the going concern basis, the Directors have considered the level of bank facilities available to the company, and its compliance with bank covenant tests both during the period and for the period ahead. The company has passed all covenants during the period just entered. Having considered the company's financial budget, investment and financing commitments and cash flow commitment requirements for the year until 30 June 2018, the Board expects to continue to meet all financial covenants as well as ensuring that liabilities are settled as they fall due.

Having considered the above, the Board conclude that it is appropriate to adopt the going concern basis of accounting because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

PILL BOX CHEMISTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

1.3 Turnover

Revenue from dispensed prescriptions of drugs and appliance is recognised when statements from Prescription Pricing Division of the NHS are issued. For wholesale trade, revenue is recognised when the risks and rewards of ownership of products are passed to the customer which is generally on despatch of goods.

Supplier rebates are recognised on accrual basis and accounted for against purchases.

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.

1.4 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 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:

Land and buildings Freehold	Straight line over 50 years - on Buildings
Land and buildings Leasehold	Straightline over the life of the lease
Fixtures, fittings & equipment	25% reducing balance
Motor vehicles	25% reducing balance

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

Land and buildings are stated at cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses or fair value.

The Company previously adopted a policy of revaluing freehold land and buildings and they were stated at their revalued amount less any subsequent depreciation and accumulated impairment losses. The Company has adopted the transition exemption under FRS 102 paragraph 35.10(d) and has elected to use the previous revaluation as deemed cost.

The difference between depreciation based on the deemed cost charged in the profit and loss account and the asset's original cost is transferred from revaluation reserve to retained earnings.

1.6 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.

PILL BOX CHEMISTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

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.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

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.

1.8 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, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

1.9 Cash at bank and in hand

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

Financial instruments are recognised in the company's balance sheet 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.

PILL BOX CHEMISTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, 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, other than those held at fair value through profit and loss, 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 creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. 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.

PILL BOX CHEMISTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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 that do not meet the conditions in FRS 102 paragraph 11.9 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 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.

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 tax 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.

PILL BOX CHEMISTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

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

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

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.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

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.

3 Turnover and other revenue

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

	2017 £	2016 £
Turnover analysed by class of business		
	25,034,469	23,180,254
	<u> </u>	<u> </u>
	2017 £	2016 £
Other significant revenue		
Interest income	183	981
	<u> </u>	<u> </u>

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

PILL BOX CHEMISTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

4 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	131,577	123,613
Amortisation of intangible assets	920,125	948,789
Cost of stocks recognised as an expense	19,533,489	17,664,945
Operating lease charges	392,013	383,757
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2017	2016
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	18,228	17,444
	<u> </u>	<u> </u>

6 Employees

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

	2017	2016
	Number	Number
Management and administrative	17	16
Sales assistants	91	87
Dispensers	29	31
Distribution	25	25
	<u> </u>	<u> </u>
	162	159
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	1,853,533	1,792,612
Social security costs	103,648	99,944
Pension costs	4,922	4,146
	<u> </u>	<u> </u>
	1,962,103	1,896,702
	<u> </u>	<u> </u>

7 Directors' remuneration

	2017	2016
	£	£
Remuneration for qualifying services	30,000	30,000
	<u> </u>	<u> </u>

PILL BOX CHEMISTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

8 Interest receivable and similar income

	2017	2016
	£	£
Interest income		
Interest on bank deposits	183	981

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	183	981
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9 Interest payable and similar expenses

	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	9,108	4,003
Other interest on financial liabilities	180,975	225,840
	190,083	229,843
Other finance costs:		
Other interest	122	298
	190,205	230,141

10 Taxation

	2017	2016
	£	£
Current tax		
UK corporation tax on profits for the current period	54,585	39,688
Adjustments in respect of prior periods	-	(41,710)
Total current tax	54,585	(2,022)

PILL BOX CHEMISTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

10 Taxation

(Continued)

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

	2017 £	2016 £
Profit/(loss) before taxation	3,171	(10,386)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)	626	(2,077)
Tax effect of expenses that are not deductible in determining taxable profit	40	12
Adjustments in respect of prior years	-	(41,710)
Depreciation and amortisation added back	79,250	78,658
Capital allowances	(25,331)	(36,905)
Taxation charge/(credit) for the year	54,585	(2,022)

At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate (for all profits except ring fence profits) at 19% for the years starting the 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020.

At Budget 2016, the government announced a further reduction to the Corporation Tax main rate (for all profits except ring fence profits) for the year starting 1 April 2020, setting the rate at 17%.

11 Intangible fixed assets

	Goodwill £
Cost	
At 1 July 2016 and 30 June 2017	13,530,416
Amortisation and impairment	
At 1 July 2016	9,116,117
Amortisation charged for the year	920,125
At 30 June 2017	10,036,242
Carrying amount	
At 30 June 2017	3,494,174
At 30 June 2016	4,414,299

PILL BOX CHEMISTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

12 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 July 2016	1,418,018	182,237	717,083	73,371	2,390,709
Additions	-	-	113,300	10,175	123,475
At 30 June 2017	1,418,018	182,237	830,383	83,546	2,514,184
Depreciation and impairment					
At 1 July 2016	208,098	40,051	461,411	54,176	763,736
Depreciation charged in the year	28,360	3,630	92,245	7,342	131,577
At 30 June 2017	236,458	43,681	553,656	61,518	895,313
Carrying amount					
At 30 June 2017	1,181,560	138,556	276,727	22,028	1,618,871
At 30 June 2016	1,209,920	142,186	255,672	19,195	1,626,973

13 Fixed asset investments

	Notes	2017 £	2016 £
Investments in subsidiaries	14	913	913

14 Subsidiaries

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

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Bassil Limited*	England and Wales	Pharmacy	Ordinary	100.00
Breakspear (Ashford) Limited**	England and Wales	Pharmacy	Ordinary	100.00

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 £
Bassil Limited*	(4,118)	38,293
Breakspear (Ashford) Limited**	-	18,496

PILL BOX CHEMISTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

14 Subsidiaries

(Continued)

* The above amounts have been based on the statutory financial statements for the year ended 31 August 2017.

** The amounts have been based on the draft financial statements.

15 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,389,895	3,603,367
Carrying amount of financial liabilities		
Measured at amortised cost	11,203,352	12,508,824

16 Stocks

	2017 £	2016 £
Finished goods and goods for resale	1,892,450	1,869,720

17 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	2,347,992	3,493,684
Other debtors	347,882	389,844
Prepayments and accrued income	51,909	49,812
	2,747,783	3,933,340

18 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	20	987,738	1,193,871
Trade creditors		2,612,682	2,605,394
Amounts due to group undertakings		282,637	536,618
Corporation tax		99,580	92,266
Other taxation and social security		26,548	25,775
Other creditors		152,187	144,330
Accruals and deferred income		178,214	159,470
		4,339,586	4,757,724

PILL BOX CHEMISTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

19 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	20	6,989,894	7,869,141

20 Loans and overdrafts

	2017 £	2016 £
Bank loans	7,977,632	8,784,395
Bank overdrafts	-	278,617
	<u>7,977,632</u>	<u>9,063,012</u>
Payable within one year	987,738	1,193,871
Payable after one year	<u>6,989,894</u>	<u>7,869,141</u>

Bank loans are secured by a debenture over the assets of the company and first legal charge over the properties. Interest and capital repayments are made monthly. Commercial rates of interest are charged on the loans.

21 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>4,922</u>	<u>4,146</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.

22 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	<u>1,000</u>	<u>1,000</u>

PILL BOX CHEMISTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

23 Operating lease commitments

Lessee

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

	2017 £	2016 £
Between two and five years	1,449,544	999,075
In over five years	782,250	1,355,250
	<u>2,231,794</u>	<u>2,354,325</u>

24 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	<u>30,000</u>	<u>30,000</u>

Transactions with related parties

The company paid rent during the year of £166,000 (2016: £165,996) to Nagina Investments Limited. At the balance sheet date, the amount due to Nagina Investments Limited amounted to £245,021 (2016: (£170,021)). The companies are related by virtue of common directors and shareholders.

At the balance sheet date, the amount owed to Breakspear (Ashford) Limited amounted to £37,616 (2016: £39,416). Breakspear (Ashford) Limited is a wholly owned subsidiary of the company.

At the balance sheet date, the amount owed to Bassil Limited amounted to £nil (2016: £327,181). Bassil Limited is a wholly owned subsidiary of the company.

PILL BOX CHEMISTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

25 Directors' transactions

At the balance sheet date, the balance receivable from the director, Mr D Virdee, amounted to £39,402 (2016: £70,583).

The loan is interest free and has been repaid within nine months after the year end.

26 Controlling party

The company is controlled by Davinder Singh Virdee and Harminder Kaur Virdee by virtue of their 100% shareholding.

27 Cash generated from operations

	2017 £	2016 £
Loss for the year after tax	(51,414)	(8,364)
Adjustments for:		
Taxation charged/(credited)	54,585	(2,022)
Finance costs	190,205	230,141
Investment income	(183)	(981)
Amortisation and impairment of intangible assets	920,125	948,789
Depreciation and impairment of tangible fixed assets	131,577	123,613
Movements in working capital:		
(Increase)/decrease in stocks	(22,730)	28,485
Decrease/(increase) in debtors	1,180,195	(271,149)
(Decrease) in creditors	(245,137)	(63,043)
Cash generated from operations	2,157,223	985,469