

Company registration number 05030210 (England and Wales)

MEDIHEALTH (NORTHERN) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022



MEDIHEALTH (NORTHERN) LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | A J Caunce A A Ismail |
| Secretary | R Gaffney |
| Company number | 05030210 |
| Registered office | PO Box 2076 Lynstock House Lynstock Way Bolton BL6 4SA |
| Auditor | Cowgill Holloway LLP Regency House 45-53 Chorley New Road Bolton BL1 4QR |

MEDIHEALTH (NORTHERN) LIMITED

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MEDIHEALTH (NORTHERN) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The directors present the strategic report for the year ended 31 August 2022.

Review of the business

The company strategy is to provide an excellent service to the independent pharmacies by having good telesales support and providing them with products which are competitively priced.

Principal activities

The principal activity of the company during the year continued to be that of wholesaler of pharmaceutical goods.

Regulation

The company's activities are regulated by the MHRA.

Business review and future developments

We strive to develop and improve current internal processes together with continual staff development to drive efficiencies. We continually update the product portfolio to remain competitive and supply a good range of pharmaceutical products at competitive prices.

The key performance indicators (KPI's) that the company regards as important are:

- a. gross profit margin;
- b. the ratio of operating expenses to turnover;
- c. the ratio of operating profit to turnover; and
- d. earnings before interest, tax, depreciation, impairment charge and amortisation (EBITDA).

For the year under review, those Key Performance Indicators were:

| | 2022 | 2021 |
|--|------------|----------|
| Gross margin | 8.10% | 8.13% |
| Operating expenses to turnover | 4.12% | 4.88% |
| Operating profit to turnover | 3.99% | 3.27% |
| Earnings before interest, tax, depreciation and amortisation | £1,460,621 | £924,021 |

The gross profit margin is considered satisfactory, reflecting a stable core operation for the year. The directors will strive to improve turnover and profitability over the coming year through the continued expansion of the business by organic growth.

MEDIHEALTH (NORTHERN) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Business risk

The company operates in a highly regulated market, and significant changes to those regulations may have a significant impact on the business, adverse or otherwise. The company is subject to the rules and regulations of a number of authorities and regulatory bodies. The directors consider these uncertainties in the external environment when developing their strategy and reviewing performance. As part of our day-to-day operations we engage with relevant organisations to ensure that we continue to trade under the current guidelines and to ensure that the views of our customers and employees are represented and try to contribute to important changes in policy. The directors and the management of the company constantly review any potential changes to regulations that may have an adverse or otherwise impact on the business.

Financial risk

The directors have established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives. The company uses various financial instruments which include cash and trade creditors. The purpose of these financial instruments is to raise finance for the company's trading operation. The main risks arising from the company's financial instruments are set out below.

Liquidity risk

Due to the nature of financial instruments used by the company there is no general exposure to price risk. In respect of bank balances the liquidity is managed by maintaining adequate cash balance. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Credit risk

The company's principal financial assets are its trade debtors. The company monitors credit risk closely and considers that its current policies of credit checks meets its objective of managing exposure to credit risk. Credit risk involves setting limits for customers and this is based on their payment history together with third party references. There is continuous monitoring of amounts outstanding for both time and credit limits.

On behalf of the board

DocuSigned by:



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A J Caunce

Director

Date: 8/3/2023 | 10:56 AM GMT

MEDIHEALTH (NORTHERN) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The directors present their annual report and financial statements for the year ended 31 August 2022.

Principal activities

The principal activity of the company was the wholesale of pharmaceutical goods.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £2,655,000. The directors do not recommend payment of a final dividend.

Directors

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

A J Caunce

A A Ismail

Auditor

The auditor, Cowgill Holloway LLP, is deemed to be reappointed under section 487(2) of 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;
- 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.

MEDIHEALTH (NORTHERN) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

On behalf of the board

DocuSigned by:



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A J Caunce

Director

Date: 8/3/2023 | 10:56 AM GMT

MEDIHEALTH (NORTHERN) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MEDIHEALTH (NORTHERN) LIMITED

Opinion

We have audited the financial statements of Medihealth (Northern) Limited (the 'company') for the year ended 31 August 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

MEDIHEALTH (NORTHERN) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MEDIHEALTH (NORTHERN) 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 or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussions with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the company's license to operate. We identified the following areas as those most likely to have such an effect: laws related to Medicines and Healthcare products Regulatory Agency (MHRA), Human Medicines Regulations, employment law and health and safety.

MEDIHEALTH (NORTHERN) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MEDIHEALTH (NORTHERN) LIMITED

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Through these procedures we did not become aware of any actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

We design procedures in line with our responsibilities, outlined below to detect material misstatement due to fraud:

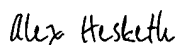
- Matters are discussed amongst the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud
- Identifying and assessing the design and effectiveness of controls that management have in place to prevent and detect fraud
- Detecting and responding to the risks of fraud following discussions with management and enquiring as to whether management have knowledge of any actual, suspected or alleged fraud.

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

Use of our report

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

DocuSigned by:



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Alex Hesketh

Senior Statutory Auditor

For and on behalf of Cowgill Holloway LLP

Chartered Accountants

Statutory Auditor

8/3/2023 | 11:44 AM GMT

Date:

Regency House
45-53 Chorley New Road
Bolton
BL1 4QR

MEDIHEALTH (NORTHERN) LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2022**

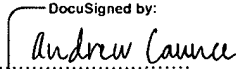
| | | 2022 | 2021 |
|--------------------------------------|----------|------------------|------------------|
| | | £ | £ |
| Revenue | 3 | 36,270,617 | 27,654,485 |
| Cost of sales | | (33,331,283) | (25,406,947) |
| Gross profit | | 2,939,334 | 2,247,538 |
| Administrative expenses | | (1,492,958) | (1,349,011) |
| Other operating income | | - | 5,744 |
| Operating profit | 4 | 1,446,376 | 904,271 |
| Investment income | 6 | 742 | 274 |
| Profit before taxation | | 1,447,118 | 904,545 |
| Tax on profit | 7 | (161,340) | 6,612 |
| Profit for the financial year | | 1,285,778 | 911,157 |

The income statement has been prepared on the basis that all operations are continuing operations.

MEDIHEALTH (NORTHERN) LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 AUGUST 2022**

| | Notes | 2022 £ | £ | 2021 £ | £ |
|--|-------|------------------|------------------|------------------|------------------|
| Non-current assets | | | | | |
| Property, plant and equipment | 9 | | 37,387 | | 51,632 |
| Current assets | | | | | |
| Trade and other receivables | 11 | 8,453,030 | | 6,049,205 | |
| Cash and cash equivalents | | 49,539 | | 687,180 | |
| | | <u>8,502,569</u> | | <u>6,736,385</u> | |
| Current liabilities | 12 | (5,696,734) | | (2,572,077) | |
| Net current assets | | | <u>2,805,835</u> | | <u>4,164,308</u> |
| Total assets less current liabilities | | | <u>2,843,222</u> | | <u>4,215,940</u> |
| Provisions for liabilities | | | | | |
| Deferred tax liability | 13 | 9,180 | | 12,676 | |
| | | <u>(9,180)</u> | | <u>(12,676)</u> | |
| Net assets | | | <u>2,834,042</u> | | <u>4,203,264</u> |
| Equity | | | | | |
| Called up share capital | 15 | | 1 | | 1 |
| Retained earnings | | | <u>2,834,041</u> | | <u>4,203,263</u> |
| Total equity | | | <u>2,834,042</u> | | <u>4,203,264</u> |

The financial statements were approved by the board of directors and authorised for issue on 8/3/2023 at 10:56 AM GMT and are signed on its behalf by:

DocuSigned by:

 8EBF85ACEF66444...
 A J Caunce
 Director

Company Registration No. 05030210

MEDIHEALTH (NORTHERN) LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2022**

| | Notes | Share capital £ | Retained earnings £ | Total £ |
|--|-------|-----------------------|---------------------------|-------------|
| Balance at 1 September 2020 | | 1 | 5,092,106 | 5,092,107 |
| Year ended 31 August 2021: | | | | |
| Profit and total comprehensive income for the year | | - | 911,157 | 911,157 |
| Dividends | 8 | - | (1,800,000) | (1,800,000) |
| Balance at 31 August 2021 | | 1 | 4,203,263 | 4,203,264 |
| Year ended 31 August 2022: | | | | |
| Profit and total comprehensive income for the year | | - | 1,285,778 | 1,285,778 |
| Dividends | 8 | - | (2,655,000) | (2,655,000) |
| Balance at 31 August 2022 | | 1 | 2,834,041 | 2,834,042 |

MEDIHEALTH (NORTHERN) LIMITED**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 AUGUST 2022**

| | Notes | 2022 £ | £ | 2021 £ | £ |
|---|-------|--------------------|----------------------|--------------------|-----------------------|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 18 | 2,106,869 | | 2,520,218 | |
| Income taxes paid | | (90,252) | | (171,217) | |
| Net cash inflow from operating activities | | <u>2,016,617</u> | | <u>2,349,001</u> | |
| Investing activities | | | | | |
| Interest received | | <u>742</u> | | <u>274</u> | |
| Net cash generated from investing activities | | | 742 | | 274 |
| Financing activities | | | | | |
| Dividends paid | | <u>(2,655,000)</u> | | <u>(1,800,000)</u> | |
| Net cash used in financing activities | | | <u>(2,655,000)</u> | | <u>(1,800,000)</u> |
| Net (decrease)/increase in cash and cash equivalents | | | (637,641) | | 549,275 |
| Cash and cash equivalents at beginning of year | | | <u>687,180</u> | | <u>137,905</u> |
| Cash and cash equivalents at end of year | | | <u><u>49,539</u></u> | | <u><u>687,180</u></u> |

MEDIHEALTH (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

Company information

Medihealth (Northern) Limited is a private company limited by shares incorporated in England and Wales. The registered office is PO Box 2076 Lynstock House, Lynstock Way, Bolton, BL6 4SA.

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 on the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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.

1.3 Property, plant and equipment

Property, plant and equipment 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:

| | |
|--------------------------------|----------------------|
| Fixtures, fittings & equipment | 50% straight line |
| Motor vehicles | 25% Reducing balance |

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

1.4 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

MEDIHEALTH (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

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

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

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.

1.5 Cash and cash equivalents

Cash and cash equivalents 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.

1.6 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 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 trade and other receivables 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.

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.

MEDIHEALTH (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

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 trade and other payables, 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 payables 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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.

MEDIHEALTH (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.7 Equity instruments

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

1.8 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 income statement 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 is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date. Timing differences are differences between taxable profits and the results as stated in the financial statements which arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

1.9 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 non-current 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.

1.10 Retirement benefits

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

1.11 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

MEDIHEALTH (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

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 Revenue

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

| | 2022 £ | 2021 £ |
|--|------------|------------|
| Revenue analysed by class of business | | |
| Sale of pharmaceutical goods | 36,270,617 | 27,654,485 |

| | 2022 £ | 2021 £ |
|----------------------|-----------|-----------|
| Other revenue | | |
| Interest income | 742 | 274 |
| Grants received | - | 5,744 |

4 Operating profit

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Operating profit for the year is stated after charging/(crediting): | | |
| Government grants | - | (5,744) |
| Fees payable to the company's auditor for the audit of the company's financial statements | 7,500 | 7,000 |
| Depreciation of owned property, plant and equipment | 14,245 | 19,750 |

5 Employees

The average monthly number of persons employed by the company during the year was:

| | 2022 Number | 2021 Number |
|-----------|----------------|----------------|
| Employees | 37 | 42 |

MEDIHEALTH (NORTHERN) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 AUGUST 2022

| | | | |
|--|--|--------------------|----------------|
| 5 | Employees | (Continued) | |
| | Their aggregate remuneration comprised: | | |
| | | 2022 | 2021 |
| | | £ | £ |
| | Wages and salaries | 1,083,621 | 976,586 |
| | Pension costs | 10,951 | 16,314 |
| | | <u>1,094,572</u> | <u>992,900</u> |
| 6 | Investment income | | |
| | | 2022 | 2021 |
| | | £ | £ |
| | Interest income | | |
| | Interest on corporation tax | 742 | 274 |
| | | <u>742</u> | <u>274</u> |
| 7 | Taxation | | |
| | | 2022 | 2021 |
| | | £ | £ |
| | Current tax | | |
| | UK corporation tax on profits for the current period | 164,836 | 117,282 |
| | Adjustments in respect of prior periods | - | (123,031) |
| | Total current tax | <u>164,836</u> | <u>(5,749)</u> |
| | Deferred tax | | |
| | Origination and reversal of timing differences | (3,496) | (863) |
| | | <u>(3,496)</u> | <u>(863)</u> |
| | Total tax charge/(credit) | <u>161,340</u> | <u>(6,612)</u> |
| The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows: | | | |
| | | 2022 | 2021 |
| | | £ | £ |
| | Profit before taxation | <u>1,447,118</u> | <u>904,545</u> |
| | Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%) | 274,952 | 171,864 |
| | Tax effect of expenses that are not deductible in determining taxable profit | - | 307 |
| | Group relief | (113,121) | (181,672) |
| | Permanent capital allowances in excess of depreciation | (491) | 2,889 |
| | Taxation charge/(credit) for the year | <u>161,340</u> | <u>(6,612)</u> |

MEDIHEALTH (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

8 Dividends

| | 2022 £ | 2021 £ |
|--------------|-----------|-----------|
| Interim paid | 2,655,000 | 1,800,000 |

During the year a dividend of £2,655,000 per share (2021: £1,800,000) was paid to the company's parent company, Makan Investments Limited.

9 Property, plant and equipment

| | Fixtures, fittings & equipment £ | Motor vehicles £ | Total £ |
|--|---|------------------------|------------|
| Cost | | | |
| At 1 September 2021 and 31 August 2022 | 18,611 | 111,329 | 129,940 |
| Depreciation and impairment | | | |
| At 1 September 2021 | 16,828 | 61,480 | 78,308 |
| Depreciation charged in the year | 1,783 | 12,462 | 14,245 |
| At 31 August 2022 | 18,611 | 73,942 | 92,553 |
| Carrying amount | | | |
| At 31 August 2022 | - | 37,387 | 37,387 |
| At 31 August 2021 | 1,783 | 49,849 | 51,632 |

10 Financial instruments

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Carrying amount of financial assets | | |
| Debt instruments measured at amortised cost | 8,427,293 | 5,953,099 |
| Carrying amount of financial liabilities | | |
| Measured at amortised cost | 5,557,512 | 2,491,467 |

11 Trade and other receivables

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Trade receivables | 8,427,234 | 5,950,275 |
| Corporation tax recoverable | 20,068 | 94,652 |
| Amounts owed by group undertakings | - | 1 |
| Amounts owed by related undertakings | 59 | 2,823 |
| Prepayments and accrued income | 5,669 | 1,454 |
| | 8,453,030 | 6,049,205 |

MEDIHEALTH (NORTHERN) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 AUGUST 2022**12 Current liabilities**

| | 2022 | 2021 |
|-------------------------------------|------------------|------------------|
| | £ | £ |
| Trade payables | 67,246 | 36,845 |
| Amounts due to related undertakings | 5,385,025 | 2,387,755 |
| Other taxation and social security | 139,222 | 80,610 |
| Accruals and deferred income | 105,241 | 66,867 |
| | <u>5,696,734</u> | <u>2,572,077</u> |

13 Deferred taxation

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

| | Liabilities | Liabilities |
|-------------------------------|--------------------|--------------------|
| | 2022 | 2021 |
| | £ | £ |
| Balances: | | |
| ACAs | <u>9,180</u> | <u>12,676</u> |
| Movements in the year: | | 2022 |
| | | £ |
| Liability at 1 September 2021 | | 12,676 |
| Credit to profit or loss | | <u>(3,496)</u> |
| Liability at 31 August 2022 | | <u>9,180</u> |

14 Retirement benefit schemes

| | 2022 | 2021 |
|---|---------------|---------------|
| | £ | £ |
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | <u>10,951</u> | <u>16,314</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.

MEDIHEALTH (NORTHERN) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2022****15 Share capital**

| | 2022 Number | 2021 Number | 2022 £ | 2021 £ |
|---|----------------|----------------|-----------|-----------|
| Ordinary share capital Issued and fully paid | | | | |
| Ordinary share of £1 each | 1 | 1 | 1 | 1 |

16 Control

The company is a wholly owned subsidiary of Makan Investments Limited. Makan Investments Limited is a company incorporated in Jersey. The company is controlled by Y I Patel and the estate of A I Patel.

17 Related party transactions

Included within creditors at the balance sheet date is an amount due to Prinwest Limited of £5,379,827 (2021: £2,382,458 debtor) and an amount due to Gorgemead Limited of £5,198 (2021: £5,297).

During the year the company made purchases of £30,334,695 (2021: £25,445,882) from Prinwest Limited. The company was also invoiced £42,959 (2021: £69,508) from Gorgemead Limited and £Nil (2021: £636) from Mantle Property Services Limited.

The above named companies are under the common control of Y I Patel and the estate of A I Patel.

Included within debtors are amounts due from Eaststone Limited of £1,871 (2021: £2,823) which is related to the company by virtue of common shareholders. During the year the company made sales of £9,951 (2021: £11,136) to Eaststone Limited.

18 Cash generated from operations

| | 2022 £ | 2021 £ |
|--|------------------|------------------|
| Profit for the year after tax | 1,285,778 | 911,157 |
| Adjustments for: | | |
| Taxation charged/(credited) | 161,340 | (6,612) |
| Investment income | (742) | (274) |
| Depreciation and impairment of property, plant and equipment | 14,245 | 19,750 |
| Movements in working capital: | | |
| Increase in trade and other receivables | (2,478,409) | (669,878) |
| Increase in trade and other payables | 3,124,657 | 2,266,075 |
| Cash generated from operations | 2,106,869 | 2,520,218 |