

A. & F.A. Dundee Limited

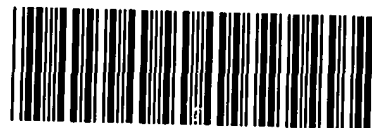
Directors' report and
financial statements

Year ended 31 August 2018

Registered number: NI003932



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A. & F.A. Dundee Limited

Directors' report and financial statements

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A. & F.A. Dundee Limited

Directors and other information

Directors	Michael Guerin Michael Geddis
Secretary	Michael Geddis
Registered office	Medicare House 44 Montgomery Road Belfast BT6 9HL
Auditor	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2
Banker	Ulster Bank Limited 11-16 Donegall Square East Belfast BT1 5UB
Solicitor	Arthur Cox Victoria House Gloucester Street Belfast BT1 4LS
Registered number	NI003932

A. & F.A. Dundee Limited

Strategic report

Principal activities

The principal activities of the business are the operation of a chain of retail pharmacy outlets.

Review of business

The business operates twenty-one pharmacies.

The directors are satisfied with the performance of the business during the year given the challenging market conditions. The directors expect the general level of activity to improve in the foreseeable future, given recent constructive discussions on the pharmaceutical dispensing contract.

There were no significant events subsequent to the year end.

Principal risks and uncertainties

The directors consider the principal risks and uncertainties faced by the company are as follows:

Competition Risk - The directors manage competition risk through close attention to customer service levels and service innovation.

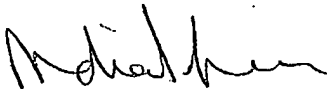
Financial Risk - The company has budgetary and financial reporting procedures supported by appropriate key performance indicators to manage credit, liquidity and other financial risk.

Economic Risk - Economic factors, particularly the uncertainty of the UK exiting the European Union, may impact upon the company. Given Brexit is one of the most significant economic events for the UK, its effect is subject to a substantial degree of uncertainty with the full range of outcomes, as yet, unknown.

Key performance indicators

Key performance indicators used by management include prescription item growth, retail turnover and expenses. These are monitored on an ongoing basis and on an individual shop and area basis.

On behalf of the board



Michael Guerin
Director

28 February 2019

A. & F.A. Dundee Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2018.

Profit and dividends

Details of the result for the year are set out in the profit and loss account on page 10 and the related notes. No dividend was paid in the year (2017: £Nil).

Principal activity and business review

The principal activity of the company continued to be that of retail and pharmaceutical chemists.

The directors are satisfied with the performance of the business during the year given the challenging market conditions. The directors expect the general level of activity to improve in the foreseeable future, given recent constructive discussions on the pharmaceutical dispensing contract.

Charitable donations

No charitable donations were made during the year (2017: £Nil).

Directors and secretary and their interests

The directors and secretary who served during the year and subsequent to the year end were:

- Michael Guerin
- Michael Geddis

The directors and secretary had no interest in the share capital of the company at 31 August 2018 and 31 August 2017. The interests of the directors and secretary, who held office at 31 August 2018 in the share capital of Magir Limited (the ultimate parent company) were as follows:

	2018 No.	2017 No.
<i>Ordinary shares of £0.01 each</i>		
Michael Guerin (including the interests of his spouse)	11,274,292	11,274,292
Michael Geddis	75,029	75,029

Post balance sheet events

There have been no significant events since 31 August 2018 which affect the company.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Political donations

The company made no political donations during the year (2017: £Nil).

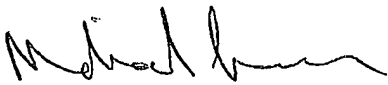
A. & F.A. Dundee Limited

Directors' report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG, Chartered Accountants, will therefore continue in office.

On behalf of the board



Michael Guerin
Director

28 February 2019

A. & F.A. Dundee Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report, strategic report and the financial statements in accordance with applicable law and regulations.

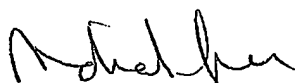
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 assets, liabilities and financial position of the company and of its profit or loss for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2006.

On behalf of the board



Michael Guerin
Director

28 February 2019



KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent auditor's report to the members of A. & F.A. Dundee Limited

1 Report on the audit of the financial statements

Opinion

We have audited the financial statements of A. & F.A. Dundee Limited ('the company') for the year ended 31 August 2018 set out on pages 10 to 26, which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly 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 ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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.

Other matter – The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. Some of the uncertainties arising from Brexit may impact certain of the financial statement captions in the financial statements. The preparation of the financial statements on a going concern basis and the financial statement caption containing estimates all depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. No audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.



Independent auditor's report to the members of A. & F.A. Dundee Limited (continued)

1 Report on the audit of the financial statements (continued)

We have nothing to report on going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The directors are responsible for the other information presented in the annual report together with the financial statements. The other information comprises the information included in the strategic and directors' reports. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report has have been prepared in accordance with the Companies Act 2006.



Independent auditor's report to the members of A. & F.A. Dundee Limited (continued)

1 Report on the audit of the financial statements (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in regard to these matters.

2 Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities



Independent auditor's report to the members of A. & F.A. Dundee Limited
(continued)

2 Respective responsibilities and restrictions on use (continued)

The purpose of our audit work and to whom we owe our responsibilities

Our 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.

Tom McEvoy (Senior Statutory Auditor)
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

28 February 2019

A. & F.A. Dundee Limited

Profit and loss account and other comprehensive income

for the year ended 31 August 2018

	Note	2018 £	2017 £
Turnover	2	26,298,530	27,743,549
Cost of sales		(19,064,270)	(19,221,969)
Gross profit		7,234,260	8,521,580
Distribution costs		(5,979,440)	(5,684,994)
Administration expenses		(61,010)	(57,934)
Other operating income		13,000	83,000
Operating profit	3	1,206,810	2,861,652
Interest payable and similar charges	5	(10,399)	-
Exceptional item	6	(3,101,871)	-
(Loss)/profit on ordinary activities before taxation		(1,905,460)	2,861,652
Taxation credit/(charge)	8	349,467	(592,931)
(Loss)/profit for the financial year		(1,555,993)	2,268,721

All of the turnover and results arise from continuing operations. The company had no other comprehensive income in the current or preceding financial year other than those shown in the profit and loss account. Accordingly no statement of other comprehensive income has been provided.

The accompanying notes form an integral part of these financial statements.

A. & F.A. Dundee Limited

Balance sheet as at 31 August 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	9	703,327	698,555
Intangible assets	10	7,060,295	8,071,676
Investments	11	3,553,404	3,553,404
		11,317,026	12,323,635
Current assets			
Stocks	12	1,907,044	1,979,842
Debtors	13	12,233,430	13,301,489
Cash at bank and in hand		1,238,602	1,151,273
		15,379,076	16,432,604
Creditors: amounts falling due within one year	14	(8,221,133)	(8,755,082)
Net current assets		7,157,943	7,677,522
Total assets less current liabilities		18,474,969	20,001,157
Creditors: amounts falling due after more than one year	15	(107,447)	(97,449)
Provision for liabilities and charges	17	(111,178)	(91,371)
Net assets		18,256,344	19,812,337
Capital and reserves			
Called up share capital	18	445	445
Capital redemption reserve		55	55
Profit and loss account		18,255,844	19,811,837
Shareholder's funds		18,256,344	19,812,337

These financial statements were approved by the board of directors on 28 February 2019 and were signed on its behalf by:



Michael Guerin
Director

Company registered number: NI003932

The notes on pages 13 to 26 form part of these financial statements.

A. & F.A. Dundee Limited

Statement of changes in equity for the year ended 31 August 2018

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
Balance at 1 September 2016	445	55	17,543,116	17,543,616
Total comprehensive income for the year				
Profit for the year	-	-	2,268,721	2,268,721
Balance at 31 August 2017	445	55	19,811,837	19,812,337
Total comprehensive income for the year				
Loss for the year	-	-	(1,555,993)	(1,555,993)
Balance at 31 August 2018	445	55	18,255,844	18,256,344

A. & F.A. Dundee Limited

Notes

forming part of the financial statements

1 Accounting policies

A. & F. A. Dundee Limited (the "company") is a private company limited by shares and incorporated, registered and domiciled in the UK. The registered number is NI 003932 and the registered address is 44 Montgomery Road, Belfast, BT6 9HL.

The company is exempt by virtue of S400/S401/S402 subject to the small companies regime of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is Sterling.

The company's ultimate parent undertaking, Magir Limited, includes the company in its consolidated financial statements. The consolidated financial statements of Magir Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from the company's registered office. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 23.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

As detailed in the directors' report on page 3, the directors expect the general level of activity to improve in the foreseeable future and, given that the group has successfully secured new banking facilities for a further five years, the financial statements have been prepared on a going concern basis.

Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A. & F.A. Dundee Limited

Notes (continued)

1 Accounting policies (continued)

Basic financial instruments (continued)

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The company assesses at each reporting date whether tangible fixed assets are impaired.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at expenses note on page 17.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. Depreciation rates are as follows:

- additions to premises 10% straight line
- freehold property 2% straight line
- fixtures, fittings and equipment 15% - 20% straight line

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

A. & F.A. Dundee Limited

Notes (continued)

1 Accounting policies (continued)

Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

At the acquisition date, the company recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- goodwill 20 years

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 20 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 *Impairment of Assets* when there is an indication that goodwill or an intangible asset may be impaired.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises actual cost less trade discounts. Net realisable value comprises estimated selling price less appropriate selling costs.

A. & F.A. Dundee Limited

Notes (continued)

1 Accounting policies (continued)

Impairment excluding stocks

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the company's non-financial assets, other than stocks are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

A. & F.A. Dundee Limited

Notes (continued)

1 Accounting policies (continued)

Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution retirement benefit plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Turnover

Turnover excludes Value Added Tax and is recognised in the profit and loss account in the period services are provided to the customer.

Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

Interest payable

Interest payable and similar charges include interest payable on loans. Interest payable is recognised in profit or loss as it accrues using the effective interest method.

Exceptional item

Exceptional items are those that in the directors' view are required to be separately disclosed by virtue of their size or nature to enable a full understanding of the company's financial performance.

Taxation

Tax on the profit for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

A. & F.A. Dundee Limited

Notes (continued)

1 Accounting policies (continued)

Taxation (continued)

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Turnover

Turnover represents sales at invoice value excluding value added tax. All of the company's trading is conducted within the United Kingdom.

3 Statutory information

	2018 £	2017 £
<i>Operating profit is stated after charging:</i>		
Auditor's remuneration	10,000	10,000
Amortisation of goodwill	1,011,381	1,011,381
Depreciation	190,506	155,723
Operating leases rentals – land and buildings	483,799	404,717

A. & F.A. Dundee Limited

Notes (continued)

4 Staff numbers and costs

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

	2018 No.	2017 No.
Management and sales	178	181

The aggregate payroll costs of these persons were as follows:

	2018 £	2017 £
Wages and salaries	3,366,228	3,151,843
Social security costs	236,618	210,659
Other retirement benefit costs	41,115	32,544
	<u>3,643,961</u>	<u>3,395,046</u>

5 Interest payable and similar charges

	2018 £	2017 £
Other interest	10,399	-

6 Exceptional item

	2018 £	2017 £
Provision against amounts recoverable under pharmaceutical dispensing contract	3,101,871	-
	<u>3,101,871</u>	<u>-</u>

7 Retirement benefit

The company operated a defined contribution scheme in respect of certain employees. The scheme and its assets are held by independent managers. The charge represents contributions due from the company and amounted to £41,115 (2017: £32,544).

A. & F.A. Dundee Limited

Notes (continued)

8 Tax on (loss)/profit on ordinary activities	2018 £	2017 £
(a) Analysis of charge in year		
<i>Current tax charge:</i>		
UK corporation tax on (loss)/profit for the year	-	610,156
Adjustment relating to an earlier period	(369,274)	(32,913)
	<u>(369,274)</u>	<u>577,243</u>
<i>Deferred tax:</i>		
Timing differences, origination and reversal	(7,808)	27,246
Effect of changes in tax rate	822	(11,558)
Adjustment in respect of prior periods	26,793	-
	<u>26,793</u>	<u>-</u>
Total tax on (loss)/profit on ordinary activities	<u>(349,467)</u>	<u>592,931</u>

(b) Factors affecting tax charge for year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2018 £	2017 £
(Loss)/profit for the year	(1,555,993)	2,268,721
Tax (credit)/charge	(349,467)	592,931
	<u>(1,905,460)</u>	<u>2,861,652</u>
(Loss)/profit on ordinary activities before tax		
	<u>(1,905,460)</u>	<u>2,861,652</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2017: 19.58%)	(362,037)	560,335
<i>Effects of:</i>		
Expenses not deductible for tax purposes	90,180	100,646
Adjustment in respect of previous periods	(342,481)	(32,913)
Effect of changes in tax rate	822	(11,558)
Group relief received not paid for	-	(23,579)
Losses carried back under s37(3) CTA 2010	264,049	-
	<u>264,049</u>	<u>-</u>
Total tax (credit)/charge for the year	<u>(349,467)</u>	<u>592,931</u>

A. & F.A. Dundee Limited

Notes (continued)

9 Tangible fixed assets

	Additions to premises £	Freehold property £	Fixtures, fittings and equipment £	Total £
Cost				
At 31 August 2017	797,319	74,406	2,403,516	3,275,241
Additions	16,635	-	178,643	195,278
At 31 August 2018	813,954	74,406	2,582,159	3,470,519
Depreciation				
At 31 August 2017	570,470	60,000	1,946,216	2,576,686
Charge for year	51,851	-	138,655	190,506
At 31 August 2018	622,321	60,000	2,084,871	2,767,192
Net book value				
At 31 August 2018	191,633	14,406	497,288	703,327
At 31 August 2017	226,849	14,406	457,300	698,555

The net book value of fixtures, fittings and equipment includes £192,589 (2017: £156,333) in respect of assets held under finance leases.

10 Intangible assets

	Goodwill £
Cost	
At 31 August 2017 and 31 August 2018	23,958,849
Amortisation	
At 31 August 2017	15,887,173
Amortisation for year	1,011,381
At 31 August 2018	16,898,554
Net book value	
At 31 August 2018	7,060,295
At 31 August 2017	8,071,676

A. & F.A. Dundee Limited

Notes (continued)

11 Investments

£

Shares in subsidiary undertakings at cost

At 31 August 2017 and 31 August 2018

3,553,404

The company holds shares in the following subsidiary undertakings:

Shares held	Undertaking
2,000 ordinary shares of £1	M.H. Matthews (Northcott) Limited
3,000 ordinary shares of £1	Skegoneill Pharmacy Limited
10,000 ordinary shares of £1	JV Primrose (Greenisland) Limited
138,482 ordinary shares of £1	Primrose Chemists
874,924 redeemable preference shares of £1	Primrose Chemists
100 ordinary shares of £1	John McConnell (Crumlin) Limited
50,000 preference shares of £1	John McConnell (Crumlin) Limited
£400	Health store shares

All the above companies are registered in Northern Ireland and are dormant.

12 Stocks

2018
£

2017
£

Finished goods and goods for re-sale

1,907,044

1,979,842

The replacement cost of stocks did not differ significantly from the amounts shown above. Stocks are stated net of a provision for obsolescence of £Nil (2017: £Nil). Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £19,137,068 (2017: £19,335,937).

13 Debtors: amounts falling due within one year

2018
£

2017
£

Trade debtors

1,828,247

2,029,471

Prepayments and accrued income

444,870

3,573,421

Amounts owed by group undertakings

9,803,725

7,698,597

Corporation tax

156,588

-

12,233,430

13,301,489

Trade debtors are stated net of a provision for impairment of £Nil (2017: £Nil).

Amounts owed by group undertakings are interest free and repayable on demand.

A. & F.A. Dundee Limited

Notes (continued)

14 Creditors: amounts falling due within one year	2018	2017
	£	£
Trade creditors	3,987,997	3,850,326
Taxation and social security	61,020	54,640
Accruals	136,933	117,813
Amount owed to group undertakings	3,989,439	3,920,354
Corporation tax	-	783,773
Amounts owed under finance lease agreements	45,744	28,176
	<u>8,221,133</u>	<u>8,755,082</u>

Amounts owed to group undertakings are interest free and repayable on demand.

Security

The bank loans and overdrafts of fellow group undertakings are secured by debentures incorporating fixed and floating charges over the assets of the company and cross guarantees from the company.

15 Creditors: amounts falling due after one year	2018	2017
	£	£
Amounts owed under finance lease agreements	107,447	97,449
	<u>107,447</u>	<u>97,449</u>

16 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2018	2017
	£	£
Creditors: amounts falling due after more than one year		
Amounts owed under finance lease agreements	107,447	97,449
	<u>107,447</u>	<u>97,449</u>
Creditors: amounts falling due within less than one year		
Amounts owed under finance lease agreements	45,744	28,176
	<u>45,744</u>	<u>28,176</u>

A. & F.A. Dundee Limited

Notes (continued)

16 Interest-bearing loans and borrowings (continued)

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2018 £	2017 £
Finance lease	GBP	4.00%	2021	Monthly	153,191	125,625

Net obligations under finance leases are secured on the assets acquired.

17 Provision for liabilities and charges

	2018 £	2017 £
Deferred taxation	111,178	91,371
<i>Deferred taxation</i>		
At beginning of year	(91,371)	(75,683)
Charge to profit and loss account	(19,807)	(15,668)
At end of year – liability	(111,178)	(91,371)
Deferred taxation has been fully provided in respect of:		
Difference between accumulative depreciation and amortisation and capital allowances	(112,718)	(91,771)
Other timing differences	1,540	400
Deferred tax liability	(111,178)	(91,371)

A. & F.A. Dundee Limited

Notes (continued)

18 Capital and reserves		Ordinary shares
Share capital		2018
On issue at beginning and end of year – fully paid		445
	2018	2017
	£	£
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
445 ordinary shares of £1 each	445	445
Shares classified in shareholder's equity	445	445

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

19 Control of the company and related party transactions

The Company is a subsidiary undertaking of Magir Limited and the ultimate controlling party is Mr M. Guerin.

The largest group in which the results of the Company are consolidated is that headed by Magir Limited. No other group financial statements include the results of the Company. The consolidated financial statements of Magir Limited are publicly available.

20 Operating leases

Non-cancellable operating lease rentals are payable as follows:

Land and buildings	2018	2017
	£	£
Expiring:		
Within one year	392,785	398,342
Between one and two years	392,785	392,785
Between two and five years	1,031,821	1,120,036
More than five years	1,545,740	1,850,310
	3,363,131	3,761,473

During the year £483,799 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £404,717).

A. & F.A. Dundee Limited

Notes (continued)

21 Commitments and guarantees	2018 £	2017 £
<i>Capital commitments</i>		
Capital expenditure contracted for but not provided in the financial statements	-	147,556

22 Post balance sheet events

There have been no significant events since 31 August 2018 which affect the company.

23 Accounting estimates and judgements

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key source of estimation uncertainty

Recoverability of trade debtors

Trade debtors are reviewed for their recoverability on a periodic basis by the directors. If any specific debtors are identified as having some doubt as to their recoverability they are fully provided for and in addition to this the risk of bad debts is stratified across the types of debtors to calculate the total bad debt provision. The directors are of the opinion that no bad debt provision is appropriate at year end.

Recoverability of stocks

The carrying value of stock is reviewed for impairment on a periodic basis by the Management. If any specific stock is identified as having some doubt as to its recoverability it is provided for to ensure it is carried at the lower of cost and net realisable value. Management of the entities consider no provision against stock to be appropriate at year end.

Intangible assets

Goodwill is assessed annually in order to assess if a goodwill impairment is required. Based on the financial performances for 31 August 2018 and 2017, the directors are satisfied that the current carrying value of the goodwill is appropriate.