

Company registration number SC063993 (Scotland)

G.L.M. ROMANES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023

G.L.M. ROMANES LIMITED

COMPANY INFORMATION

Directors	Mr G L M Romanes Mrs M E Romanes Mr D J Romanes Mrs F M Gillies
Secretary	Mr D J Romanes
Company number	SC063993
Registered office	8 Market Square Duns Berwickshire TD11 3DB
Auditor	Greaves West & Ayre 17 Walkergate Berwick-upon-Tweed Northumberland TD15 1DJ
Bankers	Bank of Scotland Plc 10 Market Square Duns Berwickshire TD11 3ED
Solicitors	Melrose & Porteous 47 Market Square Duns TD11 3BX

G.L.M. ROMANES LIMITED

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G.L.M. ROMANES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2023

The directors present the strategic report for the year ended 30 April 2023.

Fair review of the business

The year to 30 April 2023 has seen trading conditions encounter significant changes, with continuing effects of the COVID-19 pandemic. Staff shortages are again an issue due to staff contracting COVID and having to isolate to avoid infecting colleagues and patients.

There are a number of supply shortages of medicines which results in difficulty acquiring medicines at lower cost. Coupled with the slow pace at which the Scottish drug tariff is updated to reflect these changes for reimbursement.

Further impact to trading conditions has been experienced with continued increased operating costs by way of substantial increase in energy prices and its knock on effect in costs and wage inflationary pressures.

Staff recruitment and retention across the business remains a significant issue for the company, particularly with higher skilled dispensing staff and Pharmacists, with the Borders sites again having the biggest issue. With this in mind a substantial investment into automation with the purchase of an Omnicell compliance aid dispensing robot has been made. To centralise the production of compliance aids and reduce impact of staffing shortages while maintaining high standards of patient care.

The Company uses several Key Performance Indicators to measure performance across a wide range of financial and non-financial metrics. These include turnover, gross profit, net profit and staff costs. All indicators are monitored and reviewed throughout the year with action taken to adjust management decisions in light of the information.

Principal Risks and Uncertainties

As much of the company's income is derived from NHS contracts, cuts to government funding are the main risk to the company. Clearly, the company and its directors have very little control over changes in this area of the business.

The remainder of the company's income is derived from retail sales within the shops. The company has a good reputation throughout the area for the level of service provided and the quality and variety of goods sold.

Development and Performance

The company secured a second shop in Dunbar during the year but this was not fully integrated until after the year-end. It will be next year before the benefits of this acquisition are felt by the company.

The results for the year show a profit this year, before tax, depreciation and amortisation, of £800,080 (2022 £1,223,079), after amortisation and depreciation the accounts show a loss of £8,118 (2022 profit of £930,877).

The company is therefore considered to be in a strong financial position at the year end.

By order of the board

Mr D J Romanes
Secretary

29 January 2024

G.L.M. ROMANES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2023

The directors present their annual report and financial statements for the year ended 30 April 2023.

Principal activities

The principal activity of the company continued to be that of retail pharmacies, operating through various shops throughout the Scottish Borders and East Lothian.

Results and dividends

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

Ordinary dividends were paid amounting to £200,000. The directors do not recommend payment of a final dividend.

Please see the Strategic Report for a fair review of the business, details of principal risks and uncertainties and future development and performance in accordance with s414C(11) of the Companies Act 2006.

Directors

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

Mr G L M Romanes
Mrs M E Romanes
Mr D J Romanes
Mrs F M Gillies

Auditor

Greaves West & Ayre were appointed auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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.

G.L.M. ROMANES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

Medium-sized companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the medium-sized companies exemption.

By order of the board

Mr D J Romanes
Secretary

29 January 2024

G.L.M. ROMANES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF G.L.M. ROMANES LIMITED

Opinion

We have audited the financial statements of G.L.M. Romanes Limited (the 'company') for the year ended 30 April 2023 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 30 April 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

G.L.M. ROMANES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF G.L.M. ROMANES LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

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:

G.L.M. ROMANES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF G.L.M. ROMANES LIMITED

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the retail pharmacy sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including legislation such as the Companies Act 2006, taxation legislation, employment legislation and data protection;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management, contacting the entity's solicitor for any details of non-compliance and inspecting current year legal expenditure; and
- identified laws and regulations of particular relevance were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, including any fraud associated with revenue recognition, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- traced a sample of sales transactions from source documentation to nominal ledgers;
- traced a sample of sales around the year-end from source documentation to invoice to ensure cut-off is operating correctly;
- traced a sample of sales credit notes throughout the year and around the year-end in order to confirm their commercial justification; and
- evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims against the company; and
- reviewing correspondence with HMRC and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion. Manual journal entries are tested as part of the audit.

G.L.M. ROMANES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF G.L.M. ROMANES LIMITED

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit.

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.

Craig Little CA
Senior Statutory Auditor
For and on behalf of Greaves West & Ayre

31 January 2024

Chartered Accountants
Statutory Auditor

17 Walkergate
Berwick-upon-Tweed
Northumberland
TD15 1DJ

G.L.M. ROMANES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2023

	Notes	2023 £	2022 £
Turnover	3	12,895,127	9,948,498
Cost of sales		(9,390,866)	(6,974,403)
Gross profit		3,504,261	2,974,095
Administrative expenses		(2,759,388)	(2,129,331)
Other operating income		5,219	7,927
Amortisation of goodwill	4	(738,111)	(243,625)
Operating profit	5	11,981	609,066
Interest receivable and similar income	9	67,279	327,687
Interest payable and similar expenses	10	(87,378)	(5,876)
(Loss)/profit before taxation		(8,118)	930,877
Tax on (loss)/profit	11	(151,904)	(172,065)
(Loss)/profit for the financial year		(160,022)	758,812

The profit and loss account has been prepared on the basis that all operations are continuing operations.

G.L.M. ROMANES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2023

	2023 £	2022 £
(Loss)/profit for the year	(160,022)	758,812
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(160,022)</u>	<u>758,812</u>

G.L.M. ROMANES LIMITED

BALANCE SHEET

AS AT 30 APRIL 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Goodwill	13		3,446,046		4,132,178
Tangible assets	14		1,474,917		1,314,247
Investment property	15		170,000		170,000
Investments	16		183		183
			<u>5,091,146</u>		<u>5,616,608</u>
Current assets					
Stocks	19	659,981		563,890	
Debtors	20	1,634,231		1,710,672	
Cash at bank and in hand		1,047,496		1,592,912	
		<u>3,341,708</u>		<u>3,867,474</u>	
Creditors: amounts falling due within one year	21	<u>(2,114,983)</u>		<u>(2,727,452)</u>	
Net current assets			<u>1,226,725</u>		<u>1,140,022</u>
Total assets less current liabilities			<u>6,317,871</u>		<u>6,756,630</u>
Creditors: amounts falling due after more than one year	22		<u>(1,663,028)</u>		<u>(1,804,384)</u>
Provisions for liabilities					
Deferred tax liability	24		<u>(116,350)</u>		<u>(53,731)</u>
Net assets			<u><u>4,538,493</u></u>		<u><u>4,898,515</u></u>
Capital and reserves					
Called up share capital	26		110,000		110,000
Revaluation reserve			67,391		67,391
Profit and loss reserves			<u>4,361,102</u>		<u>4,721,124</u>
Total equity			<u><u>4,538,493</u></u>		<u><u>4,898,515</u></u>

These financial statements have been prepared in accordance with the provisions relating to medium-sized companies.

The financial statements were approved by the board of directors and authorised for issue on 29 January 2024 and are signed on its behalf by:

Mr G L M Romanes
Director

Mr D J Romanes
Director

Company registration number SC063993 (Scotland)

G.L.M. ROMANES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2023

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 May 2021		110,000	67,391	4,162,312	4,339,703
Year ended 30 April 2022:					
Profit and total comprehensive income		-	-	758,812	758,812
Dividends	12	-	-	(200,000)	(200,000)
Balance at 30 April 2022		110,000	67,391	4,721,124	4,898,515
Year ended 30 April 2023:					
Loss and total comprehensive income		-	-	(160,022)	(160,022)
Dividends	12	-	-	(200,000)	(200,000)
Balance at 30 April 2023		110,000	67,391	4,361,102	4,538,493

G.L.M. ROMANES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2023

		2023	2022
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	30	285,921	472,044
Interest paid		(87,378)	(5,876)
Income taxes paid		(171,343)	(210,038)
Net cash inflow from operating activities		27,200	256,130
Investing activities			
Purchase of business		(51,979)	(4,301,229)
Purchase of tangible fixed assets		(245,397)	(36,062)
Proceeds on disposal of tangible fixed assets		20,000	-
Purchase of subsidiaries		-	(183)
Interest received		2,118	398
Dividends received		65,161	327,289
Net cash used in investing activities		(210,097)	(4,009,787)
Financing activities			
Bank loans		(162,519)	1,985,801
Dividends paid		(200,000)	(200,000)
Net cash (used in)/generated from financing activities		(362,519)	1,785,801
Net decrease in cash and cash equivalents		(545,416)	(1,967,856)
Cash and cash equivalents at beginning of year		1,592,912	3,560,768
Cash and cash equivalents at end of year		1,047,496	1,592,912

G.L.M. ROMANES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

Company information

G.L.M. Romanes Limited is a private company limited by shares incorporated in Scotland. The registered office is 8 Market Square, Duns, Berwickshire, TD11 3DB.

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 pound sterling.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment properties to fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover 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.

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.

Revenue from NHS contracts is included in the period to which it relates. This includes the monthly prepaid amount along with the balancing payment for each month, which is received in the following month.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 6 years.

The directors have taken the decision to change the useful life of goodwill from 3 years to 6 years. This has resulted in a decrease of amortisation in the year of £737,669.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

G.L.M. ROMANES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

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

Freehold land and buildings	Nil
Leasehold land and buildings	Straight line over the term of the lease
Property improvements	20 Years Straight Line
Fixtures, fittings & equipment	3 - 10 Years Straight line
Motor vehicles	5 Years 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.

Although Companies Act requires annual depreciation of fixed assets, freehold buildings are not depreciated. The directors believe that the policy of not providing depreciation is necessary in order for the accounts to give a true and fair view.

In the opinion of the directors the freehold and leasehold property is well maintained and has not diminished in value.

The directors have taken the decision to change the depreciation rate applied to fixtures, fittings and equipment from 5-10 years straight line to 3 - 10 years straight line.

This results in additional depreciation of £5,216 this year.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

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

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

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

G.L.M. ROMANES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

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.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 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.

1.11 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets 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 those whose fair values cannot be measured reliably which are measured at cost less impairment.

G.L.M. ROMANES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

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 creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.12 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.

G.L.M. ROMANES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

1.13 Taxation

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

Current tax

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

Deferred tax

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

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

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees and directors. Contributions payable are charged to the profit and loss account in the year they are payable.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

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

G.L.M. ROMANES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

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

	2023 £	2022 £
Turnover analysed by class of business		
Prescription Income	11,964,537	9,215,253
Shop Sales	930,590	733,245
	<u>12,895,127</u>	<u>9,948,498</u>
	2023 £	2022 £
Other revenue		
Interest income	2,118	398
Dividends received	65,161	327,289
	<u>67,279</u>	<u>327,687</u>

4 Exceptional item

In the prior year, the Company purchased Aitken Pharmacy Limited which has resulted in goodwill amortisation in the year of £738,111 (2022: £243,625), this is inline with the Company's amortisation policy detailed in Note 1.4.

5 Operating profit

	2023 £	2022 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	70,087	48,577
(Profit)/loss on disposal of tangible fixed assets	(5,360)	5,175
Amortisation of intangible assets	738,111	243,625
Operating lease charges	37,994	37,383
	<u>840,932</u>	<u>334,760</u>

G.L.M. ROMANES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

6 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	11,450	7,750

7 Employees

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

	2023	2022
	Number	Number
Average number of employees	85	71

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	2,022,406	1,462,510
Social security costs	171,083	243,315
Pension costs	102,325	85,269
	2,295,814	1,791,094

8 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	138,036	129,126
Company pension contributions to defined contribution schemes	15,060	14,605
	153,096	143,731

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2022 - 2).

G.L.M. ROMANES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

9 Interest receivable and similar income

	2023	2022
	£	£
Interest income		
Interest on bank deposits	2,118	191
Other interest income	-	207
	<u>2,118</u>	<u>398</u>
Total interest revenue	2,118	398
Income from fixed asset investments		
Income from shares in group undertakings	65,161	327,289
	<u>67,279</u>	<u>327,687</u>
Total income	67,279	327,687

	2023	2022
	£	£
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	2,118	191
	<u>2,118</u>	<u>191</u>

10 Interest payable and similar expenses

	2023	2022
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	87,378	5,876
	<u>87,378</u>	<u>5,876</u>

11 Taxation

	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	89,285	171,343
	<u>89,285</u>	<u>171,343</u>
Deferred tax		
Origination and reversal of timing differences	62,619	722
	<u>62,619</u>	<u>722</u>
Total tax charge	151,904	172,065

G.L.M. ROMANES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

11 Taxation

(Continued)

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

	2023 £	2022 £
(Loss)/profit before taxation	(8,118)	930,877
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 25.00% (2022: 19.00%)	(2,030)	176,867
Tax effect of expenses that are not deductible in determining taxable profit	203,248	65,907
Tax effect of income not taxable in determining taxable profit	(17,630)	(62,186)
Effect of change in corporation tax rate	(25,223)	-
Deferred tax	62,619	722
Capital allowances	(69,080)	(9,245)
Taxation charge for the year	151,904	172,065

12 Dividends

	2023 £	2022 £
Interim paid	200,000	200,000

13 Intangible fixed assets

	Goodwill £
Cost	
At 1 May 2022	7,429,717
Other changes	51,979
At 30 April 2023	7,481,696
Amortisation and impairment	
At 1 May 2022	3,297,539
Amortisation charged for the year	738,111
At 30 April 2023	4,035,650
Carrying amount	
At 30 April 2023	3,446,046
At 30 April 2022	4,132,178

G.L.M. ROMANES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

14 Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Property improvements	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 May 2022	703,242	282,781	427,742	319,757	49,990	1,783,512
Additions	-	-	5,183	168,669	71,545	245,397
Disposals	-	-	-	(3,834)	(27,995)	(31,829)
At 30 April 2023	703,242	282,781	432,925	484,592	93,540	1,997,080
Depreciation and impairment						
At 1 May 2022	-	36,952	175,397	232,838	24,078	469,265
Depreciation charged in the year	-	2,826	21,416	37,142	8,703	70,087
Eliminated in respect of disposals	-	-	-	(1,903)	(15,286)	(17,189)
At 30 April 2023	-	39,778	196,813	268,077	17,495	522,163
Carrying amount						
At 30 April 2023	703,242	243,003	236,112	216,515	76,045	1,474,917
At 30 April 2022	703,242	245,829	252,345	86,919	25,912	1,314,247

15 Investment property

	2023
	£
Fair value	
At 1 May 2022 and 30 April 2023	170,000

Investment property comprises two flats which are let out and were restated at 01 May 2017 to their combined fair value of £170,000. A valuation of investment property was undertaken on 09 May 2019 by George F. White, Chartered Surveyors who are independent of the company and have experience valuing similar properties. The directors are satisfied that the value of the properties is not thought to have materially changed since its valuation, and therefore the investment property is held as such.

The historic cost of the flats totals £102,609.

16 Fixed asset investments

	Notes	2023 £	2022 £
Investments in subsidiaries	17	183	183

G.L.M. ROMANES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

17 Subsidiaries

These financial statements are separate company financial statements for Aitken Pharmacy.

Details of the company's subsidiaries at 30 April 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Aitken Pharmacy Limited	United Kingdom	Ordinary	100.00

18 Financial instruments

	2023 £	2022 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,409,796	1,310,761
Carrying amount of financial liabilities		
Measured at amortised cost	3,632,023	4,308,117

19 Stocks

	2023 £	2022 £
Finished goods and goods for resale	659,981	563,890

20 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	1,064,092	983,472
Amounts owed by group undertakings	345,704	327,289
Other debtors	166,069	391,843
Prepayments and accrued income	58,366	8,068
	1,634,231	1,710,672

G.L.M. ROMANES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

21 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Bank loans	23	160,254	181,417
Trade creditors		1,244,450	1,659,158
Corporation tax		89,285	171,343
Other taxation and social security		56,703	52,376
Other creditors		528,537	652,405
Accruals and deferred income		35,754	10,753
		<u>2,114,983</u>	<u>2,727,452</u>

22 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Bank loans and overdrafts	23	<u>1,663,028</u>	<u>1,804,384</u>

23 Loans and overdrafts

	2023 £	2022 £
Bank loans	<u>1,823,282</u>	<u>1,985,801</u>
Payable within one year	160,254	181,417
Payable after one year	<u>1,663,028</u>	<u>1,804,384</u>

The bank loans were secured by way of a floating charge over all property or undertaking of the company dated 1 March 2022.

Interest was charged on the fixed interest bank loan at a rate of 2.46%. The loan is repayable by monthly instalments over 12 years, but the company may make additional repayments at any time, which may vary the amount and number of monthly instalments.

Interest was charged on the variable interest bank loan at a rate of 2.44% over Base Rate. The loan is repayable by monthly instalments over 12 years, but the company may make additional repayments at any time, which may vary the amount and number of monthly instalments.

Both loans are subject to a negative pledge clause.

G.L.M. ROMANES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

24 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 2023 £	Liabilities 2022 £
Balances:		
ACAs	116,350	53,731
	<u> </u>	<u> </u>
Movements in the year:		2023 £
Liability at 1 May 2022		53,731
Charge to profit or loss		62,619
		<u> </u>
Liability at 30 April 2023		116,350
		<u> </u>

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature.

25 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	102,325	85,269
	<u> </u>	<u> </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.

26 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	10,000	10,000	10,000	10,000
Ordinary 'A' shares (Non-voting) of £1 each	50,000	50,000	50,000	50,000
Ordinary 'B' shares (Non-voting) of £1 each	50,000	50,000	50,000	50,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	110,000	110,000	110,000	110,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The Ordinary shares carry full voting, dividend and capital distribution rights, including on a winding up, but are not redeemable.

The Ordinary 'A' and Ordinary 'B' shares do not carry any voting or participation rights. These shares are redeemable at par from 1 January 2011.

G.L.M. ROMANES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

27 Operating lease commitments

Lessee

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

	2023 £	2022 £
Within one year	35,280	30,300
Between two and five years	139,875	121,200
In over five years	87,450	118,125
	<u>262,605</u>	<u>269,625</u>

28 Capital commitments

Amounts contracted for but not provided in the financial statements:

After the year-end the Company purchased a second shop in Dunbar for £1,200,000 funded by a fixed rate loan of £1,200,000. Included in the financial statements is the £36,000 reservation fee.

29 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023 £	2022 £
Aggregate compensation	<u>368,902</u>	<u>358,194</u>

Balances with related parties

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties		Amounts owed to related parties	
	2023 £	2022 £	2023 £	2022 £
Key management personnel	<u>-</u>	<u>-</u>	<u>528,539</u>	<u>424,040</u>

Related Party Balances consist of unsecured loans due to directors which do not incur interest at market rates.

G.L.M. ROMANES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

30 Cash generated from operations

	2023 £	2022 £
(Loss)/profit for the year after tax	(160,022)	758,812
Adjustments for:		
Taxation charged	151,904	172,065
Finance costs	87,378	5,876
Investment income	(67,279)	(327,687)
(Gain)/loss on disposal of tangible fixed assets	(5,360)	5,175
Amortisation and impairment of intangible assets	738,111	243,625
Depreciation and impairment of tangible fixed assets	70,087	48,577
Decrease in provisions	-	(227,965)
Movements in working capital:		
Increase in stocks	(96,091)	(55,306)
Decrease/(increase) in debtors	76,441	(858,099)
(Decrease)/increase in creditors	(509,248)	706,971
Cash generated from operations	285,921	472,044

31 Analysis of changes in net debt

	1 May 2022 £	Cash flows £	30 April 2023 £
Cash at bank and in hand	1,592,912	(545,416)	1,047,496
Borrowings excluding overdrafts	(1,985,801)	162,519	(1,823,282)
	(392,889)	(382,897)	(775,786)

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