

A & L PORTER LIMITED
SC299895

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

MESTON REID & CO.
CHARTERED ACCOUNTANTS
12 CARDEN PLACE
ABERDEEN
AB10 1UR

A & L PORTER LIMITED

COMPANY INFORMATION

Directors	A J Porter L M Porter
Secretary	A J Porter
Company number	SC299895
Registered office	58 Queens Road Aberdeen AB15 4YE
Auditor	Meston Reid & Co 12 Carden Place Aberdeen AB10 1UR

A & L PORTER LIMITED

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A & L PORTER LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The directors present the strategic report for the year ended 31 August 2018.

Fair review of the business

In the year to 31 August 2018 we have seen turnover rise by 4.52%. With net business costs falling by 10.82%, this has seen company reserves improving by £132,699 so that company reserves are now positive.

Principal risks and uncertainties

The company relies heavily on NHS funding, so there remains within the business an inherent risk that this funding could be cut or curtailed. However, there is nothing showing in the political climate to suggest that this is in any way a future likelihood.

Development and performance

We believe that performance is very solid and that benchmarked against sales data obtained regarding other pharmacies, that the company outperforms its peers.

Other information and explanations

There are no important or significant events that we foresee in the near future.

On behalf of the board

A J Porter

Director

30 May 2019

A & L PORTER LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

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

Directors

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

A J Porter

L M Porter

Results and dividends

Ordinary dividends were paid amounting to £332,732. The directors do not recommend payment of a further dividend.

Auditor

Meston Reid & Co were appointed as 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 disclosure to auditor

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

On behalf of the board

A J Porter

Director

30 May 2019

A & L PORTER LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

A & L PORTER LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A & L PORTER LIMITED

Opinion

We have audited the financial statements of A & L Porter Limited (the 'company') for the year ended 31 August 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**MESTON
REID & CO**
CHARTERED ACCOUNTANTS

A & L PORTER LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF A & L PORTER LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

Mark Brown BA CA (Senior Statutory Auditor)

for and on behalf of Meston Reid & Co

Chartered Accountants

Statutory Auditor

12 Carden Place

Aberdeen

AB10 1UR

30 May 2019

**MESTON
REID & CO**
CHARTERED ACCOUNTANTS

A & L PORTER LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2018**

		2018	2017
	Notes	£	£
Turnover	3	8,493,147	8,125,880
Cost of sales		(7,032,339)	(6,712,929)
Gross profit		1,460,808	1,412,951
Distribution costs		(28,236)	(20,216)
Administrative expenses		(665,543)	(757,808)
Other operating income		1,682	16,000
Operating profit	4	768,711	650,927
Interest receivable and similar income	7	2	2
Interest payable and similar expenses	8	(146,806)	(155,019)
Profit before taxation		621,907	495,910
Tax on profit	9	(156,476)	(137,178)
Profit for the financial year		465,431	358,732

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

A & L PORTER LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2018

		2018		2017	
	Notes	£	£	£	£
Fixed assets					
Goodwill	11	2,831,711		3,028,254	
Tangible assets	12	376,633		413,168	
		<u>3,208,344</u>		<u>3,441,422</u>	
Current assets					
Stocks	14	456,526		531,548	
Debtors	15	1,500,216		1,685,517	
Cash at bank and in hand		659,898		698,603	
		<u>2,616,640</u>		<u>2,915,668</u>	
Creditors: amounts falling due within one year	16	<u>(1,976,627)</u>		<u>(2,368,021)</u>	
Net current assets			<u>640,013</u>		<u>547,647</u>
Total assets less current liabilities			<u>3,848,357</u>		<u>3,989,069</u>
Creditors: amounts falling due after more than one year	17		(3,770,795)		(4,037,715)
Provisions for liabilities	20		<u>(21,001)</u>		<u>(27,492)</u>
Net assets/(liabilities)			<u><u>56,561</u></u>		<u><u>(76,138)</u></u>
Capital and reserves					
Called up share capital	23		100		100
Share premium account			55,003		55,003
Profit and loss reserves			<u>1,458</u>		<u>(131,241)</u>
Total equity			<u><u>56,561</u></u>		<u><u>(76,138)</u></u>

The financial statements were approved by the board of directors and authorised for issue on 30 May 2019 and are signed on its behalf by:

A J Porter
Director

Company Registration No. SC299895

A & L PORTER LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2018**

		Share capital	Share premium account	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 September 2016		100	55,003	(489,973)	(434,870)
Year ended 31 August 2017:					
Profit and total comprehensive income for the year		-	-	358,732	358,732
Balance at 31 August 2017		100	55,003	(131,241)	(76,138)
Year ended 31 August 2018:					
Profit and total comprehensive income for the year		-	-	465,431	465,431
Dividends	10	-	-	(332,732)	(332,732)
Balance at 31 August 2018		100	55,003	1,458	56,561

A & L PORTER LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

		2018		2017	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	28	1,004,421		921,025	
Interest paid		(146,806)		(155,019)	
Income taxes paid		(120,949)		(57,728)	
Net cash inflow from operating activities		736,666		708,278	
Investing activities					
Purchase of tangible fixed assets		(1,390)		(318,370)	
Proceeds on disposal of tangible fixed assets		810		4,917	
Proceeds on disposal of fixed asset investments		-		6,100	
Proceeds from other investments and loans		49,478		(235,032)	
Interest received		2		2	
Net cash generated from/(used in) investing activities		48,900		(542,383)	
Financing activities					
Repayment of bank loans		(486,321)		(14,479)	
Payment of finance leases obligations		(5,218)		(5,218)	
Dividends paid		(332,732)		-	
Net cash used in financing activities		(824,271)		(19,697)	
Net (decrease)/increase in cash and cash equivalents		(38,705)		146,198	
Cash and cash equivalents at beginning of year		698,603		552,405	
Cash and cash equivalents at end of year		659,898		698,603	

A & L PORTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

Company information

A & L Porter Limited is a private company limited by shares in the United Kingdom, incorporated in Scotland. The registered office is 58 Queens Road, Aberdeen, AB15 4YE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at 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 contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Rental income is recognised when the company is entitled to receipt.

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 20 years.

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.

A & L PORTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

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

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

Freehold	0% depreciation
Improvements to property	10% straight line
Plant and machinery	33% straight line
Fixtures, fittings & equipment	20% straight line
Computer equipment	33% straight line
Motor vehicles	25% straight line

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

1.6 Impairment of fixed assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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

A & L PORTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.8 Cash at bank and in hand

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

1.9 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, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

A & L PORTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

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

Derecognition of financial liabilities

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

1.10 Equity instruments

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

1.11 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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.

1.12 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.

1.13 Retirement benefits

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

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

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

2 Judgements and key sources of estimation uncertainty

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

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

A & L PORTER LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2018****3 Turnover and other revenue**

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

	2018	2017
	£	£
Turnover analysed by class of business		
Sale of goods	8,493,147	8,125,880

	2018	2017
	£	£
Other significant revenue		
Interest income	2	2

4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	7,500	7,800
Depreciation of owned tangible fixed assets	37,925	35,530
Profit on disposal of tangible fixed assets	(810)	(3,857)
Amortisation of intangible assets	196,543	196,543
Cost of stocks recognised as an expense	5,889,052	5,616,276
Operating lease charges	108,064	115,555

5 Employees

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

	2018	2017
	Number	Number
	63	61

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	998,482	982,742
Social security costs	75,414	66,169
Pension costs	58,000	185,202
	1,131,896	1,234,113

A & L PORTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

6 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	16,520	16,194
Company pension contributions to defined contribution schemes	12,080	156,001
	<u>28,600</u>	<u>172,195</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2017 - 2).

7 Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Interest on bank deposits	2	2
	<u>2</u>	<u>2</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	2	2
	<u>2</u>	<u>2</u>

8 Interest payable and similar expenses

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	145,992	154,278
Interest on finance leases and hire purchase contracts	814	814
	<u>146,806</u>	<u>155,092</u>
Other finance costs:		
Other interest	-	(73)
	<u>146,806</u>	<u>155,019</u>

9 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	162,967	122,431
Adjustments in respect of prior periods	-	10,835
	<u>162,967</u>	<u>133,266</u>

A & L PORTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Taxation

(Continued)

Deferred tax

Origination and reversal of timing differences	(6,491)	3,912
	<u> </u>	<u> </u>
Total tax charge	156,476	137,178
	<u> </u>	<u> </u>

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

	2018	2017
	£	£
Profit before taxation	621,907	495,910
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.58%)	118,162	97,099
Tax effect of expenses that are not deductible in determining taxable profit	11,077	5,887
Tax effect of income not taxable in determining taxable profit	(154)	-
Gains not taxable	-	(755)
Permanent capital allowances in excess of depreciation	33,882	20,929
Other permanent differences	-	(729)
Under/(over) provided in prior years	-	10,835
Deferred tax adjustments in respect of prior years	(6,491)	3,912
	<u> </u>	<u> </u>
Taxation charge for the year	156,476	137,178
	<u> </u>	<u> </u>

10 Dividends

	2018	2017
	£	£
Final paid	332,732	-
	<u> </u>	<u> </u>

A & L PORTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

11 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 September 2017 and 31 August 2018	5,545,821
Amortisation and impairment	
At 1 September 2017	2,517,567
Amortisation charged for the year	196,543
At 31 August 2018	2,714,110
Carrying amount	
At 31 August 2018	2,831,711
At 31 August 2017	3,028,254

A & L PORTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

12 Tangible fixed assets							
	Freehold	Improvements to	Plant and fixtures, fittings &	Computer	Motor vehicles	Total	
	£	property	machinery	equipment	equipment	£	£
Cost							
At 1 September 2017	248,146	194,517	14,010	121,184	4,313	33,845	616,015
Additions	-	-	1,390	-	-	-	1,390
At 31 August 2018	248,146	194,517	15,400	121,184	4,313	33,845	617,405
Depreciation and impairment							
At 1 September 2017	-	83,640	4,438	102,342	3,861	8,566	202,847
Depreciation charged in the year	-	18,452	3,877	6,683	452	8,461	37,925
At 31 August 2018	-	102,092	8,315	109,025	4,313	17,027	240,772
Carrying amount							
At 31 August 2018	248,146	92,425	7,085	12,159	-	16,818	376,633
At 31 August 2017	248,146	110,877	9,572	18,842	452	25,279	413,168

A & L PORTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13 Financial instruments

	2018	2017
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,132,550	1,250,227
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	5,498,773	6,126,402
	<u> </u>	<u> </u>

14 Stocks

	2018	2017
	£	£
Finished goods and goods for resale	456,526	531,548
	<u> </u>	<u> </u>

15 Debtors

	2018	2017
	£	£
Amounts falling due within one year:		
Trade debtors	724,414	800,613
Corporation tax recoverable	100,598	179,976
Other debtors	581,652	635,148
Prepayments and accrued income	93,552	69,780
	<u> </u>	<u> </u>
	1,500,216	1,685,517
	<u> </u>	<u> </u>

16 Creditors: amounts falling due within one year

	Notes	2018	2017
		£	£
Bank loans and overdrafts	18	298,965	520,853
Obligations under finance leases	19	2,487	5,218
Trade creditors		1,342,191	1,477,828
Corporation tax		223,272	260,632
Other taxation and social security		25,377	18,702
Other creditors		7,365	5,829
Accruals and deferred income		76,970	78,959
		<u> </u>	<u> </u>
		1,976,627	2,368,021
		<u> </u>	<u> </u>

A & L PORTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	18	3,770,795	4,035,228
Obligations under finance leases	19	-	2,487
		<u>3,770,795</u>	<u>4,037,715</u>

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

Payable by instalments	3,770,795	4,037,715
	<u>3,770,795</u>	<u>4,037,715</u>

18 Loans and overdrafts

	2018 £	2017 £
Bank loans	4,069,760	4,556,081
	<u>4,069,760</u>	<u>4,556,081</u>
Payable within one year	298,965	520,853
Payable after one year	3,770,795	4,035,228
	<u>4,069,760</u>	<u>4,556,081</u>

On 28 April 2016 a floating charge was created in favour of Bank of Scotland Plc over all property and sums due or to become due.

On 13 September 2016 a standard security charge was created in favour of Bank of Scotland Plc over the property at Park View, Tarves Road, Pitmedden, AB41 7PB.

A guarantee and indemnity for £640,000 plus interest has also been provided by A J and Mrs L M Porter, directors.

The loans from the company's bank are repayable by way of monthly repayments. Interest is charged on the loans at a rate of 2.5-3.9%.

19 Finance lease obligations

	2018 £	2017 £
Future minimum lease payments due under finance leases:		
Within one year	2,487	5,218
In two to five years	-	2,487
	<u>2,487</u>	<u>7,705</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 1.5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

A & L PORTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	21	21,001	27,492
		<u>21,001</u>	<u>27,492</u>

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
Accelerated capital allowances	21,001	27,492
	<u>21,001</u>	<u>27,492</u>
Movements in the year:		
Liability at 1 September 2017		27,492
Credit to profit or loss		(6,491)
Liability at 31 August 2018		<u>21,001</u>

22 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	58,000	185,202
	<u>58,000</u>	<u>185,202</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.

23 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

A & L PORTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

24 Financial commitments, guarantees and contingent liabilities

The company previously entered into a tax planning strategy requiring disclosure to HM Revenue & Customs under the Disclosure of Tax Avoidance Scheme (DOTAS) rules. HM Revenue & Customs are now in the process of challenging the validity of the scheme.

To date, no valid accelerated payment notices have been issued to the company and the outcome and timing of any future proceedings by HM Revenue & Customs cannot be reliably predicted with any certainty. As such, no provision has been made for potential tax liabilities, interest and penalties that might fall to be paid by the company when accelerated payment notices are issued by HM Revenue & Customs for this scheme.

The company entered an EBT scheme in the past. A decision on the effectiveness of the scheme has not yet been reached.

25 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for its properties. Leases are negotiated on a long term basis with lease terms being between 10 and 30 years.

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:

	2018	2017
	£	£
Within one year	98,305	98,252
Between two and five years	383,720	383,720
In over five years	814,910	912,173
	<u>1,296,935</u>	<u>1,394,145</u>

26 Events after the reporting date

After the year end, 3 of the 8 pharmacies were sold to A & L Porter (Aberdeenshire) Limited, a company owned by the directors of A & L Porter Limited.

27 Directors' transactions

Dividends totalling £332,732 (2017 - £0) were paid in the year in respect of shares held by the company's directors.

During the year, the company paid pension contributions totalling £12,080 (2017 - £156,001) on behalf of the directors.

At the year end, £389,686 (2017 - £439,164) was due to the company by the directors. The amount is unsecured, interest free and repayable on demand. The maximum liability during the year was £476,170.

A & L PORTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

28 Cash generated from operations

	2018	2017
	£	£
Profit for the year after tax	465,431	358,732
Adjustments for:		
Taxation charged	156,476	137,178
Finance costs	146,806	155,019
Investment income	(2)	(2)
Gain on disposal of tangible fixed assets	(810)	(3,857)
Amortisation and impairment of intangible assets	196,543	196,543
Depreciation and impairment of tangible fixed assets	37,925	35,530
Movements in working capital:		
Decrease/(increase) in stocks	75,022	(58,401)
Decrease/(increase) in debtors	44,427	(100,060)
(Decrease)/increase in creditors	(117,397)	200,343
Cash generated from operations	1,004,421	921,025

29 Auditor's liability limitation agreement

The company has entered into a limitation of liability agreement ("the agreement") with the auditor Meston Reid & Co. In respect of the period ended 31 August 2018 this agreement was approved by the directors on 14 April 2019.

The principal term of the agreement is that our auditor has a maximum liability, for any claim arising out of the provision of audit services, of the lower of 100 times the amount invoiced for the audit work performed or £1 million. This agreement does not restrict our auditor's liability for fraud or dishonesty or where a restriction is not permitted by law.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.