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Registered number: 00244282

ADMENTA HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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ADMENTA HOLDINGS LIMITED

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COMPANY INFORMATION

Directors	T Anderson (resigned 11 May 2022) J Davies (resigned 31 July 2022) C Keen (resigned 18 May 2022) W Hall (appointed 25 May 2022) R Dargue (appointed 27 July 2022)
Registered number	00244282
Registered office	Sapphire Court Walsgrave Triangle Coventry CV2 2TX

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022

Introduction

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

Business review

McKesson Corporation closed the sale of Admenta UK Limited and its subsidiaries (of which this company is a subsidiary) to Aurelius Elephant Limited, an entity owned by Aurelius asset management group, on April 6, 2022. As of the date of this report, McKesson Corporation is no longer our parent company and the Admenta UK Group is in the process of reviewing its strategy, governance processes and forward looking financial and other plans.

The Company's principal activity is that of an investment company of which its subsidiaries are involved in the wholesaling and retailing of pharmaceutical products and services.

The pharmaceutical wholesale and retail markets continue to be highly challenging. With the strategies adopted by the subsidiaries the directors believe the performance of the Company's investments in the year was in line with expectations.

The year to 31st March 2022 was challenging for the whole country. Covid 19 and its resulting impacts placed great strain on the healthcare sector, including changed store footfall patterned, although we saw higher wholesale volumes. Furthermore, the government funding model for community pharmacy in England continues to be challenging. Despite these barriers, we have worked to improve the performance of the business, with the interests of the community in mind.

The company remains a subsidiary of Admenta UK Limited and receives the financial support of this parent entity.

Principal risks and uncertainties

The key business risk to the investment activity of the Company is the performance of its investments. The management of the subsidiaries and the execution of their strategies are subject to a number of key risks. All present directors are, directors of AAH Pharmaceuticals Limited, the main trading entity of the wholesale division and/or Lloyds Pharmacy Limited, the main trading entity of the retail division. Risks are formally reviewed by the boards of these entities and appropriate processes are put in place to monitor and mitigate them.

Financial key performance indicators

The board monitors the Company's progress in implementing its strategy by reference to certain key performance indicators. Due to the Company's principal activity as an investment holding company, the Company's directors see net assets/liabilities and value of investments as key KPIs.

Net liabilities: increased from £306,682,000 as at 31 March 2021 to £872,599,000 as at 31 March 2022. This is driven mainly by an impairment of amounts owed by group companies.

The value of investment as at the yearend was £94,462,000 (2021: 96,463,000).

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Treasury management

The Company's treasury activities are co-ordinated through the central treasury function and overseen by a group treasury committee. The central treasury function operates within a framework of clearly defined board approved policies and procedures including permissible funding and hedging instruments, exposure limits and a system of authorities for approval and execution of transactions. The central treasury function prepares monthly reports for the divisional boards as well as reports for the corporate treasury function of their ultimate parent company, McKesson Corporation. The central treasury function is subject to regular review by Internal Auditors.

The Company funds its operations through a mixture of retained reserves and borrowings including bank and capital market borrowings and leasing.

Company facilities and their structure are agreed with the McKesson corporate treasury function and the funds raised are either directly lent to operating subsidiaries or are lent from Admenta Holdings Limited on commercial arm's length terms.

The Company's policy is to minimise cash held whilst ensuring that adequate loan facilities are in place. Cash flow requirements are monitored through the Company's rolling projection.

Financial risk management

The financial risks are managed by fellow group company Admenta UK Limited. The management of these risks are discussed in the Admenta UK Limited financial statements.

Statement by the directors on the performance of their statutory duties in accordance with s172(1) of the Companies Act 2006

This statement describes how the directors complied with section 172(1) (a) (f) of the Companies Act 2006 to promote the success of the Company for the benefit of its stakeholders.

The nature of our highly regulated business requires that we consider the long term consequences of our decisions. Our shareholders have invested capital to drive shareholder value. The Directors' report describes the board's role in managing the business, our reputation, risks and balancing stakeholder needs for the long term. The board's key stakeholders are as follows:

Shareholders and Creditors

During fiscal 2022, we were a subsidiary of McKesson Corporation and therefore operated under an internal global policy framework that ensured that our strategy and long range financial and operating plans are fully aligned with the expectations of McKesson Corporation. These plans were reviewed at least annually, adjusted as required, and approved by the relevant board committees of McKesson Corporation. McKesson Corporation manages external shareholder relationships on behalf of the Company.

Effective with the closing of the sale by McKesson Corporation of Admenta UK Limited (of which this Company is a subsidiary) to Aurelius on April 6, 2022, the ultimate parent undertaking and controlling party of the Company is AURELIUS European Opportunities IV, S.C.A. SICAV RAIF, a company registered in Luxembourg. As a subsidiary of this company, our strategy and financial and operating plans are in the process of being aligned with the expectations of Aurelius. These plans are reviewed at least annually, adjusted as required, and approved by the relevant board committees of Aurelius.

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Statement by the directors on the performance of their statutory duties in accordance with s172(1) of the Companies Act 2006 (continued)

Shareholders and Creditors (continued)

As the principal activity of the Company is to act as a holding company for certain UK subsidiaries, the Company has no commercial business, and no employees, suppliers or customers other than other McKesson Corporation entities during the period and as such the breadth of stakeholder considerations that would often apply in operating or commercial trading companies have generally not applied to the decisions made by the directors.

Please refer note 26, events after reporting period for the announcement to sell UK businesses.

This report was approved by the board on 6 April 2023 and signed on its behalf.

DocuSigned by:
Wendy Hall
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W Hall
Director

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022

The Directors present their report and the financial statements for the year ended 31 March 2022.

Results and dividends

The loss for the year, after taxation, amounted to £565,917,000 *(2021: profit £5,845,000)*.

There was no dividend paid by the Company during the year (2021: £nil).

Directors

The Directors who served during the year were:

T Anderson (resigned 11 May 2022)
J Davies (resigned 31 July 2022)
C Keen (resigned 18 May 2022)

Future developments

Given the straightforward nature of the business, there are no future developments to note. The Company will continue to act as a holding company.

Directors' Responsibility under Section 172 and Statement of engagement with suppliers, customers and others in a business relationship with the Company

As per the requirements under Section 172 and Sch. 7.11B(1) to Companies Act 2006, comments on how the directors have had a regard for the interests of various stakeholders whilst making key decisions are contained on pages 1 - 2 in the Strategic Report.

Energy and Carbon Regulations

The Company has consumed less than 40,000kWh of energy during the financial year and therefore there is no further information required to be disclosed.

Qualifying third party indemnity provisions

Liability insurance, a qualifying third-party indemnity provision for the purposes of the Companies Act 2006 was provided for the UK directors by Admenta UK Limited, an intermediate parent entity. On the date of approval of the financial statements, liability insurance was also in force.

Going Concern

The directors are required to assess whether adequate resources are available to continue operating for a period of not less than 12 months after the issuance of these statutory financial statements. In making this assessment, the directors considered a number of factors, including our business model, our strategy, risks we are exposed to as well as opportunities in the markets in which we operate.

The directors view the development of the business over the long term, but visibility and granularity of our outlook is greatest up to April 2024, the period most relevant for this going concern assessment. For purposes of the going concern assessment and as an input into impairment assessments, the Group make estimates of likely future cash flows which are based on assumptions given the uncertainties involved. The assumptions include changes to government reimbursement levels, cost of labour and supplies and working capital movements. These assumptions are made by management based on recent performance, external forecasts and management's knowledge and expertise of the cashflow drivers.

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Going Concern (continued)

The Company is a subsidiary of Aurelius Elephant Limited and is financed through an asset-backed loan facility taken out by another Group company, Aurelius Elephant Limited, that was modified in December 2022 (the “Group’s financing arrangements”).

The Company is an obligor, guarantor and material subsidiary to the loan facility and is bound by the Group’s financing arrangements. Therefore, although the Company is loss-making and has net current liabilities the directors have considered the financial performance of the Group and its ability to comply with the Group’s financing arrangements when assessing going concern.

The facility allows the Aurelius Elephant limited group to borrow up to £358 million to April 6, 2025, in line with the initial term. The modified loan facilities are secured on qualifying accounts receivables of certain operating subsidiaries. The interest rate is determined based on the Bank of England rate plus 3.15%. The average asset-backed loan liquidity headroom is projected to increase from a low of £80m in April 2023 to being repaid before December 2023 from proceeds of the Group’s retail store optimization program in other Group companies.

Past retail store optimization programs provide evidence around the length of time between initiating a program and the amount and timing of proceeds realized. Recent programs were substantially completed within a year and exceeded budgeted targets. This experience, and agreements for pharmacy disposals received in the year to date, provide the directors with confidence that the forecast proceeds will be realised. If forecast proceeds are achieved in line with the projected timeline, the asset-backed loan would be repaid before December 2023.

In forming their conclusions that the Group is a going concern the Group’s directors performed sensitivity analysis considering downside scenarios to reduce expected proceeds per store and timing of disposals. Headroom remains under these scenarios.

The directors considered sensitivities to the cash flow forecasts which included the amount of proceeds realized from retail store disposals. Even assuming a 25% reduction to proceeds, headroom would not be at risk.

The Group’s directors performed a reverse stress test to identify what level of deterioration would be required to breach the liquidity and adjusted EBITDA each covenant.

In relation to liquidity, the tightest point the period up to the end of April 2023 where, even if no disposal proceeds were realized in April 2023 the liquidity test would not be breached.

Actual 12-month rolling Group adjusted EBITDA performance could be 30% below forecast before a covenant would be breached. The most sensitive period is the quarter following issuance of these financial statements where a 50% reduction in retail store disposals combined with a reduction of retail EBITDA equivalent to a 10% shortfall of retail revenue for both March and April 2023 result in a breach.

Under this scenario, a number of actions would be available to management including rationalizing overheads such as bonus and staffing costs, adjusting the timing of when we invest in advertising and promotion, and delaying/avoiding discretionary expenditure on property, plant and equipment. Together these mitigating actions would avoid the risk of breaching our covenants. Whilst not directly under our control given our liquidity headroom we could also seek amendment to financial covenant terms.

The Group’s directors have not performed sensitivity analysis beyond December 2023 as they expect to repay debt under the asset backed-loan before December 2023.

The directors have received confirmation from the UK parent company, Admenta UK Limited, that intergroup debt will continue to be made available at levels sufficient to allow the company to meet its liabilities as they fall due for a period not less than 12 months. The directors have satisfied themselves that Admenta UK Limited has the necessary financial resources to provide this support during this period, should it be required.

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Going Concern (continued)

Therefore, they have a reasonable expectation that the company has adequate resources internally and through its association with Admenta UK Limited, to continue in operational existence for the foreseeable future. As such, the going concern basis has been adopted in preparing the annual report and financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Disclosure of information in the strategic report

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the Company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The strategic report on page 1 makes reference to the following: principal activities and business review, principal risks and uncertainties, financial risk management and key performance indicators (KPIs).

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Post balance sheet events

McKesson Corporation closed the sale of Admenta UK Limited (of which this company is a subsidiary) to Aurelius Elephant Limited, an entity owned by Aurelius asset management group, on April 6, 2022.

Auditors

Deloitte LLP were appointed as auditors and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 6 April 2023 and signed on its behalf.

DocuSigned by:

Wendy Hall

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W Hall
Director

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DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022

The Directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 ‘Reduced Disclosure Framework’. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADMENTA HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Admenta Holdings Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of comprehensive income;
- Balance sheet;
- the Statement of changes in equity; and
- the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADMENTA HOLDINGS LIMITED (CONTINUED)

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.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included our assessment of the entity's:

- financing facilities including nature of facilities, repayment terms and covenants
- linkage to business model and medium-term risks
- assumptions used in the forecasts including cash generated from the store optimisation programme in Lloyds Pharmacies as set out in note 2
- amount of headroom in the forecasts (cash and covenants)
- sensitivity analysis and sophistication of the model used to prepare the forecasts, testing of clerical accuracy of those forecasts and our assessment of the historical accuracy of forecasts prepared by management

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 Auditors' 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.

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Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, 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.

Auditors' 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 Auditors' 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 FRC’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company’s industry and its control environment and reviewed the company’s documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company’s ability to operate or to avoid a material penalty. These included regulatory solvency requirements and environmental regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADMENTA HOLDINGS LIMITED (CONTINUED)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in house / external legal counsel concerning actual and potential litigation and claims, and instances of non compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2006

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

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADMENTA HOLDINGS LIMITED (CONTINUED)

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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Matthew Smith

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Matthew Smith (Senior Statutory Auditor)

for and on behalf of
Deloitte LLP

Manchester
United Kingdom

6 April 2023

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £000	2021 £000
Administrative expenses		**(18)**	*(962)*
Other operating income	4	**118**	*1,624*
Operating profit	5	**100**	*662*
Income from fixed assets investments		**11,453**	*2,625*
Impairment of investments / receivables		**(576,901)**	*(827)*
Interest receivable and similar income	10	**6,690**	*26,560*
Interest payable and similar expenses	11	**(6,291)**	*(22,639)*
(Loss)/profit before tax		**(564,949)**	*6,381*
Tax on (loss)/profit	12	**(968)**	*(536)*
(Loss)/profit for the financial year		**(565,917)**	*5,845*
Total comprehensive (expense)/income for the year		**(565,917)**	*5,845*

The notes on pages 18 to 48 form part of these financial statements.

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BALANCE SHEET
AS AT 31 MARCH 2022

	Note		2022 £000		*2021 £000*
Fixed assets					
Tangible assets	13		**141**		*143*
Investments	14		**94,462**		*96,463*
Debtors more than one year	15		**19,849**		*588,375*
			114,452		*684,981*
Current assets					
Debtors Within One Year	15	**111**		*203*	
		111		*203*	
Creditors: amounts falling due within one year	16	**(985,283)**		*(989,857)*	
Net current liabilities			**(985,172)**		*(989,654)*
Total assets less current liabilities			**(870,720)**		*(304,673)*
Creditors: amounts falling due after more than one year	17		**(1,300)**		*(1,312)*
			(872,020)		*(305,985)*
Provisions for liabilities					
Other provisions	22	**(579)**		*(697)*	
			(579)		*(697)*
Net liabilities			**(872,599)**		*(306,682)*

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BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2022

	Note	2022 £000	*2021 £000*
Capital and reserves			
Called up share capital	23	**11,150**	*11,150*
Share premium account	24	**14,362**	*14,362*
Profit and loss account	24	**(898,111)**	*(332,194)*
		(872,599)	*(306,682)*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 April 2023.

DocuSigned by:
Wendy Hall
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W Hall
Director

The notes on pages 18 to 48 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2021	11,150	14,362	(332,194)	(306,682)
Comprehensive expense for the year				
Loss for the year	-	-	(565,917)	(565,917)
Total comprehensive expense for the year	-	-	(565,917)	(565,917)
At 31 March 2022	11,150	14,362	(898,111)	(872,599)

The notes on pages 18 to 48 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2020	11,150	14,362	(338,039)	(312,527)
Comprehensive income for the year				
Profit for the year	-	-	5,845	5,845
Total comprehensive income for the year	-	-	5,845	5,845
At 31 March 2021	11,150	14,362	(332,194)	(306,682)

The notes on pages 18 to 48 form part of these financial statements.

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1. General information

The Company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is Sapphire Court, Walsgrave Triangle, Coventry, CV2 2TX, United Kingdom.

The nature of the Company's operations and its principal activities are set out in the strategic report.
These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of Admenta UK Limited. The group accounts of Admenta UK Limited are available to the public and can be obtained from Companies House.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Frameworks'.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

Where relevant, equivalent disclosures have been given in the group accounts of Admenta UK.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Entities applying FRS 101 have a choice of following the statutory formats in the Accounting Regulations or to comply with the relevant provisions of IAS 1 Presentation of Financial Statements. Upon transition to FRS101 in the year ended 31 March 2021, the Company adapted IAS 1 format for presentation of financial statements. In year ending 31 March 2022, the Company started using an accounting application to produce the financial statements, and as a result it changed the format from IAS 1 to Companies Act format in the current year. Given the change in the accounting application used, it is expected that this format will be applied continuously going forward.

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2. Accounting policies (continued)

2.1 Basis of preparation of financial statements (continued)

A qualifying entity choosing to apply paragraph 1A(1) of Schedule 1 to the Regulations and adapt one of the balance sheet formats shall apply the relevant presentation requirements of IAS 1 Presentation of Financial Statements. A qualifying entity not permitted or not choosing to apply paragraph 1A(1) of Schedule 1 to the Regulations shall comply with the balance sheet format requirements of the Act* instead of paragraphs 54 to 76B of IAS 1.

For a qualifying entity choosing to apply paragraphs 1A(1) and 1A(2) of Schedule 1 to the Regulations the format and presentation requirements of IAS 1 Presentation of Financial Statements may differ with those in company law because of the following:
(a) Differences in the definition of ‘fixed assets’ (the term used in the Regulations) and ‘non current assets’ (the term used in EU adopted IFRS).
(b) Differences in the definition of ‘current assets’ as the term is used in the Regulations and EU adopted IFRS.
(c) Differences in the definition of ‘creditors falling due within or after one year’ (the terms used in the Regulations) and ‘current and non current liabilities’ (the term used in EU adopted IFRS).
(d) The Act requires presentation of debtors falling due after more than one year within current assets. Under EU adopted IFRS those items would be presented in non current assets. UITF Abstract 4 Presentation of long term debtors in current assets addressed the inclusion of debtors due after more than one year within ‘current assets’.

The following terms have changed in this financial statements:
Non current assets as Fixed assets
Trade and other receivables as Debtors
Trade and other payables as Creditors
Retained earnings as Profit and loss account.

We have considered the nature of the balances based on the definitions and have concluded to change the following presentation in these financial statements:
Debtors amounts falling due after more than one year are presented under current assets in the current year (presented under Fixed assets in the prior year).
Lease liabilities more than one year are included in the Creditors amounts falling due after more than one year in the current year (presented on the face of the balance sheet in the prior year).
Lease liabilities due within one year are included in the Creditors amounts falling due within one year in the current year (presented on the face of the balance sheet in the prior year).

The following principal accounting policies have been applied:

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2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

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2. Accounting policies (continued)

2.3 Going concern

The directors are required to assess whether adequate resources are available to continue operating for a period of not less than 12 months after the issuance of these statutory financial statements. In making this assessment, the directors considered a number of factors, including our business model, our strategy, risks we are exposed to as well as opportunities in the markets in which we operate.

The directors view the development of the business over the long term, but visibility and granularity of our outlook is greatest up to April 2024, the period most relevant for this going concern assessment. For purposes of the going concern assessment and as an input into impairment assessments, the Group make estimates of likely future cash flows which are based on assumptions given the uncertainties involved. The assumptions include changes to government reimbursement levels, cost of labour and supplies and working capital movements. These assumptions are made by management based on recent performance, external forecasts and management's knowledge and expertise of the cashflow drivers.

The Company is a subsidiary of Aurelius Elephant Limited and is financed through an asset-backed loan facility taken out by another Group company, Aurelius Elephant Limited, that was modified in December 2022 (the "Group's financing arrangements").

The Company is an obligor, guarantor and material subsidiary to the loan facility and is bound by the Group's financing arrangements. Therefore, although the Company is loss-making and has net current liabilities the directors have considered the financial performance of the Group and its ability to comply with the Group's financing arrangements when assessing going concern.

The facility allows the Aurelius Elephant limited group to borrow up to £358 million to April 6, 2025, in line with the initial term. The modified loan facilities are secured on qualifying accounts receivables of certain operating subsidiaries. The interest rate is determined based on the Bank of England rate plus 3.15%. The average asset-backed loan liquidity headroom is projected to increase from a low of £80m in April 2023 to being repaid before December 2023 from proceeds of the Group's retail store optimization program in other Group companies.

Past retail store optimization programs provide evidence around the length of time between initiating a program and the amount and timing of proceeds realized. Recent programs were substantially completed within a year and exceeded budgeted targets. This experience, and agreements for pharmacy disposals received in the year to date, provide the directors with confidence that the forecast proceeds will be realised. If forecast proceeds are achieved in line with the projected timeline, the asset-backed loan would be repaid before December 2023.

In forming their conclusions that the Group is a going concern the Group's directors performed sensitivity analysis considering downside scenarios to reduce expected proceeds per store and timing of disposals. Headroom remains under these scenarios.

The directors considered sensitivities to the cash flow forecasts which included the amount of proceeds realized from retail store disposals. Even assuming a 25% reduction to proceeds, headroom would not be at risk.

The Group's directors performed a reverse stress test to identify what level of deterioration would be required to breach the liquidity and adjusted EBITDA each covenant.

In relation to liquidity, the tightest point the period up to the end of April 2023 where, even if no disposal proceeds were realized in April 2023 the liquidity test would not be breached.

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2. Accounting policies (continued)

2.3 Going concern (continued)

Actual 12-month rolling Group adjusted EBITDA performance could be 30% below forecast before a covenant would be breached. The most sensitive period is the quarter following issuance of these financial statements where a 50% reduction in retail store disposals combined with a reduction of retail EBITDA equivalent to a 10% shortfall of retail revenue for both March and April 2023 result in a breach.

Under this scenario, a number of actions would be available to management including rationalizing overheads such as bonus and staffing costs, adjusting the timing of when we invest in advertising and promotion, and delaying/avoiding discretionary expenditure on property, plant and equipment. Together these mitigating actions would avoid the risk of breaching our covenants. Whilst not directly under our control given our liquidity headroom we could also seek amendment to financial covenant terms.

The Group's directors have not performed sensitivity analysis beyond December 2023 as they expect to repay debt under the asset backed-loan before December 2023.

The directors have received confirmation from the UK parent company, Admenta UK Limited, that intergroup debt will continue to be made available at levels sufficient to allow the company to meet its liabilities as they fall due for a period not less than 12 months. The directors have satisfied themselves that Admenta UK Limited has the necessary financial resources to provide this support during this period, should it be required. Therefore, they have a reasonable expectation that the company has adequate resources internally and through its association with Admenta UK Limited, to continue in operational existence for the foreseeable future. As such, the going concern basis has been adopted in preparing the annual report and financial statements.

2.4 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. [Provide an explanation how the incremental borrowing rate is determined].

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the

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2. Accounting policies (continued)

2.4 Leases (continued)

options; and

- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is included in 'Creditors' on the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.10.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

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2. Accounting policies (continued)

2.5 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

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2. Accounting policies (continued)

2.9 Current and deferred 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 profit or loss 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 date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting 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.

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2. Accounting policies (continued)

2.9 Current and deferred taxation (continued)

Deferred tax (continued)

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 based on tax laws and rates that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-	2%
Right-of-use assets Buildings	-	2%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Right of use assets are depreciated over the shorter period of the lease term and the useful life of the right of use asset. If a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Company expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset.

2.11 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.12 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

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2. Accounting policies (continued)

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2. Accounting policies (continued)

2.17 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets other than those which meet the criteria to be measured at amortised cost are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is

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2. Accounting policies (continued)

2.17 Financial instruments (continued)

held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.18 Adoption of new and revised standards

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In the current year, the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

2. Accounting policies (continued)

. Adoption of new and revised standards (continued)

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16.	The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic continued, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Company has not received Covid-19-related rent concessions in the current year and these amendments had no impact on the financial statements of the Company.
Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients: • A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest • Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued • Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. These amendments had no impact on the financial statements of the Company.

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3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The directors do not consider there to be any critical accounting judgements or key sources of estimation uncertainty.

4. Other operating income

	2022	*2021*
	£000	*£000*
Other operating income	**118**	*1,624*
	118	*1,624*

Other operating income relates to release of provision amounting to £118,000 (2021: waiver of intercompany liability that gives rise to the gain amounting to £1,624,000).

5. Operating profit

The operating profit is stated after charging:

	2022	*2021*
	£000	*£000*
Depreciation of tangible fixed assets	**2**	*29*
Impairment of tangible fixed assets	**-**	*818*

Impairment of right-of-use assets: As a result of an annual impairment test, there was an impairment charge in the year amounting to £nil (2021: £818,000).

6. Auditors' remuneration

Auditor's remuneration for the audit of the Company's financial statements of £30,000 (2021: £4,000) has been borne by Lloyds Pharmacy Limited, a fellow group company and not recharged. No non audit services have been provided by the auditor during the year (2021: £nil).

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7. Employees

The Company has no employees other than the Directors, who did not receive any remuneration *(2021 - £nIL)*.

8. Directors' remuneration

The emoluments of all directors are paid by a fellow subsidiary company, Lloyds Pharmacy Limited, which makes no recharge to the Company. All other directors of this Company are also directors of a number of fellow subsidiary companies and it is impossible to make an accurate apportionment of their emoluments in respect of each of these companies. Accordingly, no emoluments in respect of these directors are disclosed. Their emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of Lloyds Pharmacy Limited.

9. Income from shares in group undertakings

	2022 £000	*2021 £000*
Income from group undertakings (dividend)	**11,453**	*2,625*
	11,453	*2,625*

10. Interest receivable

	2022 £000	*2021 £000*
Interest receivable from group companies	**6,690**	*26,560*
	6,690	*26,560*

11. Interest payable and similar expenses

	2022 £000	*2021 £000*
Interest payable to group undertakings	**6,251**	*22,580*
Interest on lease liabilities	**40**	*41*
Other interest payable	**-**	*18*
	6,291	*22,639*

12. Taxation

	2022 £000	*2021 £000*
Corporation tax		
Current tax on profits for the year	**93**	*561*
Adjustments in respect of previous periods	**785**	*(26)*
	878	*535*
Total current tax	**878**	*535*
Deferred tax		
Origination and reversal of timing differences	**90**	*1*
Total deferred tax	**90**	*1*
Taxation on profit on ordinary activities	**968**	*536*

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2021 - lower than)* the standard rate of corporation tax in the UK of 19% *(2021 - 19%)*. The differences are explained below:

	2022 £000	*2021 £000*
(Loss)/profit on ordinary activities before tax	**(564,949)**	*6,381*
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**(107,340)**	*1,212*
Effects of:		
Expenses not deductible for tax purposes	**109,611**	*(650)*
Adjustments to tax charge in respect of prior periods	**785**	*(26)*
Dividends from UK companies	**(2,176)**	*-*
Deferred tax not recognised	**88**	*-*
Total tax charge for the year	**968**	*536*

Factors that may affect future tax charges

12. Taxation (continued)

An increase in the main UK corporation tax rate from 19% to 25%, applicable from 1 April 2023, was enacted on 10 June 2021 in Finance Act 2021. The deferred taxes in these financial statements have therefore been calculated at 25%.

13. Tangible fixed assets

	Freehold property £000	Right-of-use assets Buildings £000	Total £000
Cost or valuation			
At 1 April 2021	**105**	**1,360**	**1,465**
At 31 March 2022	**105**	**1,360**	**1,465**
Depreciation			
At 1 April 2021	**38**	**1,284**	**1,322**
Charge for the year on right-of-use assets	**-**	**2**	**2**
At 31 March 2022	**38**	**1,286**	**1,324**
Net book value			
At 31 March 2022	**67**	**74**	**141**
At 31 March 2021	*67*	*76*	*143*

At 31 March 2022, the Company is committed to £nil (2021: £nil) for short-term leases.

The carrying value of land and buildings of £67,000 (2021: £67,000) relates to land which is not depreciated.

The total cash outflow for leases amount to £12,000 (2021: £12,000).

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13. Tangible fixed assets (continued)

The net book value of owned and leased assets included as "Tangible fixed assets" in the Balance Sheet is as follows:

	2022 £000	*2021* *£000*
Tangible fixed assets owned	**67**	*67*
Right-of-use tangible fixed assets	**74**	*76*
	141	*143*

Information about right-of-use assets is summarised below:

Net book value

	2022 £000	*2021* *£000*
Property	**74**	*76*
	74	*76*

Depreciation charge for the year ended

	2022 £000	*2021* *£000*
Property	**2**	*29*
	2	*29*

14. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 April 2021	**772,206**
Additions	**20,936**
Amounts written off	**(22,937)**
At 31 March 2022	**770,205**
Impairment	
At 1 April 2021	**675,743**
At 31 March 2022	**675,743**
Net book value	
At 31 March 2022	**94,462**
At 31 March 2021	*96,463*

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The Company capitalised the receivable of £20,936,000 in Evolution Homecare Services Limited during the year (2021: £nil).

Investments in Farillon Limited and Evolution Homecare Services Limited amounting to £22,937,000 have been written off during the current year (2021: £nil). Both entities are under liquidation as of the balance sheet date.

An impairment loss of £nil was recognised in the year in relation to the investment in Stephen Smith Limited, a subsidiary (2021: 827,000). Investments were written down to their value in use based on the methodology described in note 3.

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14. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
AAH Pharmaceuticals Limited (*)		Wholesale distribution	£1 Ordinary shares	100%
Barclays Pharmaceuticals Limited		Wholesale distribution	£1 Ordinary shares	100%
Lloyds Pharmacy Limited (*)		Retail pharmacies	£1 Ordinary shares	100%
2012 Dream Limited		Dormant company	£1 Ordinary shares	100%
28CVR Limited		Dormant company	£0.10 Ordinary and A Ordinary shares	100%
30MC Limited		Dormant company	£1 Ordinary shares	100%
A. Suthrell (Haulage) Limited		Dormant company	£1 Ordinary shares	100%
AAH Builders Suppliers Limited		Dormant company	£1 Ordinary shares	100%
AAH Lloyds Insurance (IOM) Limited (*)	Third Floor, St George's Court, Upper Church Street, Douglas, IM1 1EE, Isle of Man	Insurance company	£1 Ordinary shares	100%
AAH One Limited		Dormant company	£1 Ordinary shares	100%
AAH Twenty Four Limited		Dormant company	£1 Ordinary shares	100%
AAH Twenty Limited		Dormant company	£1 Ordinary shares	100%
Acme Drug Company Limited		Dormant company	£1 Ordinary shares	100%
Added Marketing Limited		Dormant company	£1 Ordinary shares	100%
Admenta Pension Trustees Limited		Dormant company	£1 Ordinary shares	100%
Algorithmic Health Ireland Limited	2 Shelbourne Buildings, Crampton Avenue, Dublin, D04 W3v6, Ireland	Retail Pharmacies	£1 Ordinary shares	100%
Baillieston Health Centre Pharmacy Limited	204 Polmadie Road, Hampden Park Industrial Estate, Glasgow, G42 0PH	Retail Pharmacies	£1 Ordinary shares	100%
Barry Shooter (Romford) Limited		Dormant company	£1 Ordinary shares	100%
Beauty Care Drugstores Limited		Dormant company	£1 Ordinary shares	100%

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14. Fixed asset investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Class of shares	Holding
Berkshire Medical Supplies Limited		Dormant company	£1 Ordinary shares	100%
Betterlife healthcare Limited		Dormant company	£1 Ordinary A shares and £1 Ordinary B shares100	100%
Big Pharma Limited		Dormant company	£1 Ordinary shares	100%
Bridport Medical Centre Services Limited		Dormant company	£1 Ordinary shares	100%
Clark Munro Limited		Dormant company	£1 Ordinary shares	100%
Clarke Care Group Limited		Dormant company	£1 Ordinary shares	100%
Company Chemists Association Limited	4 Kingston Hall, Kingston On Soar, Nottingham, NG11 0DJ	Trade association	£1 Ordinary shares	27%
Eclipse Healthcare Limited		Dormant company	£1 Ordinary shares	100%
Escon (St Neots) Limited		Dormant company	£1 Ordinary shares	100%
Evolution Homecare Services Limited		Dormant company	£1 Ordinary shares	100%
Expert Health Limited		Online Health	£1 Ordinary shares	100%
Farillon Limited		Dormant company	£1 Ordinary shares	100%
Firth & Pilling Limited		Dormant company	£1 Ordinary shares	100%
Foster & Plumpton Group Limited		Dormant company	£1 Ordinary shares	100%
Foster & Plumpton Limted		Dormant company	£1 Ordinary shares	100%
G J Maley Limited (*)	22 Woodbourne Road, Douglas, Isle of Man, IM1 3AL	Retail pharmacies	£1 Ordinary shares	100%
GPL 2007 Limited		Dormant company	£1 Ordinary shares	100%
Graeme Pharmacy (Stirling) Limited		Dormant company	£1 Ordinary shares	100%
Health Needs Limited		Dormant company	£1 Ordinary shares	100%
Healthclass Limited		Dormant company	£1 Ordinary shares	100%
Herbert Ferryman Limited		Dormant company	£0.10 Ordinary shares	100%

14. Fixed asset investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Class of shares	Holding
Hill Smith (Warrington) Limited		Dormant company	£1 Ordinary shares	100%
Hywel Davies (Caerphilly) Limited		Dormant company	£1 Ordinary shares	100%
Independent Pharmacy Care Centres (2008) Limited		Dormant company	£1 Ordinary shares	100%
Inspiron Distribution Limited		Dormant company	£1 Ordinary shares	100%
IPCC Limited		Dormant company	£1 Ordinary shares	100%
J Bradbury (Surgical) Limited		Dormant company	£1 Ordinary shares	100%
J S Dent Limited		Dormant company	£1 Ordinary shares	100%
John Bell & Croyden Limited (*)		Retail pharmacy	£0.25 Ordinary shares	100%
John Hamilton (Pharmaceuticals) Limited		Dormant company	£1 Ordinary shares	100%
John Hamilton (Pharmaceuticals) Limited		Dormant company	£1 Ordinary shares	100%
Levelcrown Limited		Dormant company	£1 Ordinary shares	100%
Livingston Health Centre (P.D) Co. Limited		Dormant company	£0.01 Ordinary shares	100%
Lloyds Pharmacy Clinical Homecare Limited		Healthcare Services	£1 Ordinary shares	100%
Lloyds Properties Limited (*)		Property services	£1 Ordinary shares	100%
LPL One Limited		Dormant company	£1 Ordinary shares	100%
MASTA Limited		Traveller Health Services	£1 Ordinary shares	100%
Medical Advisory Services for Travellers Abroad Limited		Traveller services	£0.1 Ordinary shares	100%
Medimart Limited		Dormant company	£1 Ordinary shares	100%
Metabolic Healthcare Holdings Limited		Retail pharmacy	£1 Ordinary Shares	100%
Metabolic Healthcare Limited		Retail pharmacy	£1 Ordinary shares	100%
Munro Pharmacy Limited		Dormant company	£1 Ordinary shares	100%

14. Fixed asset investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Class of shares	Holding
MyMHealth Limited	161 8 Trinity, 161 Old Christchurch Road, Bournemouth, England, BH1 1JU	Online healthcare	£0.0001 Ordinary Shares	8%
Newkirk Pharmacy Limited		Dormant company	£1 Ordinary shares	100%
Optimed Health Limited		Consulting	£1 Ordinary shares	100%
Palemoda Limited		Dormant company	£1 Ordinary shares	100%
Peel Street Pharmacy Limited		Dormant company	£1 Ordinary shares	100%
Pharma Services (N.I.) Limited	2 Marshalls Road, Belfast, Northern Ireland, BT5 6SR	Other information service	£1 Ordinary shares	50%
Pharmagen Limited		Wholesale services	£1 Ordinary shares	100%
Prescribing Support Services Limited		Consulting	£1 Ordinary shares	100%
Prima Brands Limited	2 Marshalls Road, Belfast, Northern Ireland, BT5 6SR	Wholesale services	£1 Ordinary shares	100%
Primelight Limited		Dormant company	£1 Ordinary shares	100%
R.F Foskett & Son Limited		Dormant company	£1 Ordinary shares	100%
Sangers (Northern Ireland) Limited		Wholesale Distribution	£1 Ordinary shares	100%
Savory & Moore (Jersey) Limited (*)	PO Box 301, 40 Esplanade, St Helier, Jersey, JE4 8UG	Retail pharmacies	£1 Ordinary shares	100%
Scholes (Chemist) Limited		Dormant company	£1 Ordinary shares	100%
Statim Finance Limited		Dormant company	£1 Ordinary shares	100%
Stephen Smith Limited (*)	PO Box 25, Regency Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 3AP	Retail pharmacies	£1 Ordinary shares	100%
Superfield Limited		Dormant company	£1 Ordinary shares	100%
T And I White Limited		Dormant company	£1 Ordinary shares	100%
Uscita Limited		Dormant company	£1 Ordinary shares	100%

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14. Fixed asset investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Class of shares	Holding
W. Jamieson (Chemists) Limited		Dormant company	£1 Ordinary shares	100%
W.H.Chanter Limited		Dormant company	£1 Ordinary shares	100%
W.H.C.P. (Dundee) Limited	Wallacetown Health Centre, Lyon Street, Dundee, DD4 6RB	Retail pharmacy	£1 Ordinary shares	13%
Westclose Limited		Dormant company	£1 Ordinary shares	100%
Woodside Pharmacy (Glasgow) Limited		Retail pharmacy	£0.25 Ordinary shares	100%

(*) denotes a direct investment held by Admenta Holdings Limited. All other listed investments are indirect investments of Admenta Holdings Limited.

15. Debtors

	2022 **£000**	*2021* *£000*
Debtors more than one year		
Loans to group undertakings	**19,849**	*588,375*
	19,849	*588,375*

During the year, the Company impaired the receivables from group undertakings amounted to £555,413,000 (2021: £nil).

	2022 **£000**	*2021* *£000*
Debtors within one year		
Other debtors	**111**	*113*
Deferred tax	**-**	*90*
	111	*203*

16. Creditors: Amounts falling due within one year

	2022	*2021*
	£000	*£000*
Bank overdrafts	**131,872**	*150,479*
Trade creditors	**20**	*20*
Amounts owed to other group undertakings	**449,617**	*411,119*
Amounts owed to UK parent companies	**401,996**	*424,839*
Corporation tax relief payable	**648**	*2,324*
Lease liabilities	**13**	*12*
Other creditors	**53**	*-*
Accruals and deferred income	**1,064**	*1,064*
	985,283	*989,857*

Of the amounts due to other group undertakings £315,406,000 (2021: £308,373,000) is payable on demand and attracts interest based on market rates. The remaining balance owed to other group undertakings is payable on demand, represents interest free loans and is unsecured.

Other group undertakings included above are wholly owned Admenta Holdings Limited subsidiaries in the group.

Lease liabilities due within one year are included in the creditors amounts falling due within one year in the current year as described in note 2.1 (presented on the face of the balance sheet in the prior year).

17. Creditors: Amounts falling due after more than one year

	2022	*2021*
	£000	*£000*
Lease liabilities	**1,300**	*1,312*
	1,300	*1,312*

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18. Borrowings

	2022 £000	2021 £000
Unsecured borrowing		
Amounts owed to other group undertakings	**449,617**	*411,119*
Amounts owed to UK parent companies	**401,996**	*424,839*
Total amounts owed to related parties	**851,613**	*835,958*
Secured borrowing		
Bank overdrafts	**131,872**	*150,479*
Total secured borrowing	**131,872**	*150,479*
Amount due for settlement:		
Bank Loans and overdrafts	**131,872**	*150,479*
Amounts owed to related parties	**851,613**	*835,958*
On demand or within one year	**983,485**	*986,437*

The other principal features of the Company’s borrowings are as follows:

(i) The balances due to fellow subsidiaries, subsidiaries and other group companies are unsecured, repayable on demand and interest free.

(ii) Amounts owed to the immediate parent are interest bearing and repayable on demand at 0.64% (2021: 2.69%).

(iii) Bank overdrafts are repayable on demand and an overdraft balance of £131,872,000 at the yearend (2021: £150,479,000).

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19. Leases

Company as a lessee

The Company's leasing activities mainly relate to its properties. The Company leases several assets relating to properties. The average lease term is 50 years (2021: 50 years).

Lease liabilities are due as follows:

	2022 £000	*2021* *£000*
Not later than one year	**13**	*12*
Between one year and five years	**52**	*49*
Later than five years	**1,248**	*1,263*
	1,313	*1,324*

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2022 £000	*2021* *£000*
Interest expense on lease liabilities	**40**	*41*

20. Financial instruments

	2022 £000	*2021* *£000*
Financial assets		
Financial assets measured at fair value through profit or loss	**19,960**	*588,488*
Financial liabilities		
Other financial liabilities measured at fair value through profit or loss	**984,622**	*987,521*

Financial assets measured at fair value through profit or loss comprise amounts owed to other group undertakings and other debtors.

Other financial liabilities measured at fair value through profit or loss comprise bank overdraft, trade creditors, amounts owed to other group undertakings and accruals and deferred income.

21. Deferred taxation

	2022 £000
At beginning of year	**90**
Credit to profit or loss	**(90)**
At end of year	**-**

The deferred tax asset is made up as follows:

	2022 £000	*2021 £000*
Short-term timing differences	**-**	*90*
	-	*90*

A deferred tax asset has been recognised based on forecast profits against which these timing differences are expected to reverse.

22. Provisions

	Property provision £000
At 1 April 2021	**697**
Released in year	**(118)**
At 31 March 2022	**579**

The property provision represents an assessment of the costs to cover rates and other charges for vacant leasehold premises, taking account of the anticipated period required to let the properties. The assessment, which is undertaken at the end of each accounting period, is made on a property-by-property basis in conjunction with the group's property services department.

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23. Share capital

	2022 £000	*2021 £000*
Authorised, allotted, called up and fully paid		
11,150,000 *(2021 - 11,150,000)* Ordinary shares of £1.00 each	**11,150**	*11,150*

24. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares issued, less transaction costs.

Profit and loss account

This reserve records retained earnings and accumulated losses.

25. Related party transactions

The Company has chosen to exercise the exemption under FRS 101.8(k) to exempt themselves from disclosing related party transactions with wholly owned group companies.

26. Post balance sheet events

McKesson Corporation closed the sale of Admenta UK Limited (of which this company is a subsidiary) to Aurelius Elephant Limited, an entity owned by Aurelius asset management group, on April 6, 2022.

The Company is a party to the asset-backed loan described in more detail in footnote 2.3. The Company is contingently liable in the event the Company, or an affiliate, defaults under the asset-backed loan, principally for failure to repay borrowings.

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27. Controlling party

During the financial year

The immediate parent undertaking is AAH Limited a company registered in England and Wales. The registered office address is Sapphire Court, Walsgrave Triangle, Coventry CV2 2TX.

The ultimate parent undertaking and controlling party of the Company is McKesson Corporation, a company registered in the United States of America.

Consolidated financial statements for the largest group of undertakings are prepared by McKesson Corporation and may be obtained from its registered address McKesson Corporation, 6555 State Hwy 161, Irving, TX 75039, USA.

Consolidated financial statements for the smallest group of companies are prepared by Admenta UK Limited and may be obtained from Companies House.

After the sale of Admenta UK Limited to Aurelius Elephant Limited

Effective with the closing of the sale by McKesson Corporation of Admenta UK Limited (of which this Company is a subsidiary) to Aurelius on April 6, 2022, the ultimate parent undertaking and controlling party of the Company is AURELIUS European Opportunities IV, S.C.A. SICAV-RAIF, a company registered in Luxembourg. The Global Ultimate Parent (GUP) is an entity with a greater than 50% shareholding in the client that is not itself controlled by another entity.