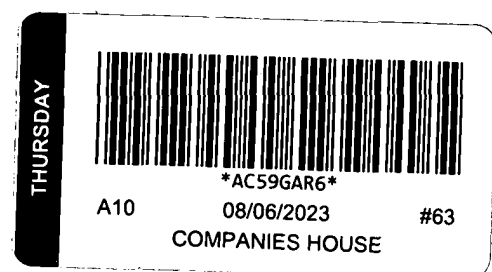


## Pharmagen Limited

### Annual report and financial statements for the year ended 31 March 2022

Registered number: 00506647



## **Pharmagen Limited**

### **Annual report and financial statements for the year ended 31 March 2022**

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## **Pharmagen Limited**

### **Directors' report for the year ended 31 March 2022**

The directors present their annual report and the audited financial statements of the company for the year ended 31 March 2022.

The directors took advantage of the small companies' exemption to not prepare a Strategic report, or enhanced business review.

#### **Principal activities and future developments**

The principal activity of Pharmagen Limited ("the company") during the year was repackaging and relabelling of imported pharmaceutical products.

McKesson Corporation closed the sale of Admenta UK Limited and its subsidiaries including this Company 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.

#### **Results**

Details of the results for the financial year are set out in the income statement on page 8.

The directors monitor the progress of the company and the implementation of its strategy by reference to key performance indicators.

The market for repackaging and relabelling imported pharmaceutical products remained highly competitive, however sales have increased by 140% year on year primarily due to slightly higher volumes being processed, while gross margin has increased in the current year to 52%.

During the year operating costs increased by 307%, driven mainly as a result of increased staff salaries & agency cost.

The company's sole customer is sister McKesson UK group entity, Barclay Pharmaceuticals Limited. We remain convinced that our strong relationship with Barclay Pharmaceuticals Limited will ensure that the company is well placed to track the growth of its customer.

#### **Dividends**

The directors do not recommend the payment of a final dividend (2021: £nil). No interim dividend (2021: £nil) was paid during the year.

#### **Political and charitable contributions**

No political or charitable contributions were made during the year (2021: £nil).

#### **Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

T Anderson (resigned 11 May 2022)  
J Davies (resigned 31 July 2022)  
C Keen (resigned 18 May 2022)  
W Hall (appointed 27 July 2022)  
R Dargue (appointed 27 July 2022)  
D Bound (appointed 2 December 2022)

In accordance with the Articles of Association, none of the directors are required to retire from the board.

## Pharmagen Limited

### Directors' report for the year ended 31 March 2022 *(continued)*

#### 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 June 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 Admenta Holdings Limited and is financed through an asset-backed loan facility taken out by an indirect parent 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 profitable 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 be 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 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 and concluded that 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 and considers it unlikely the tests would be breached.

In assessing the future of certain entities in the group, management assessed the Admenta UK Limited group position and believe Admenta UK Limited and its subsidiaries will continue as a going concern.

## **Pharmagen Limited**

### **Directors' report for the year ended 31 March 2022** *(continued)*

#### **Going Concern** *(continued)*

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.

On the basis of these reviews, the directors of the Company consider it is appropriate for the going concern basis to be 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.

#### **Directors' indemnities**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

#### **Financial risk management objectives and policies**

The Company's activities expose it to a limited number of financial risks due to the nature of its operations, mainly including liquidity risk.

##### ***Liquidity risk***

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company has a short-term overdraft facility available and has access to the larger group's cash pooling facility if required.

The company participates in the banking arrangements of the UK group, which are arranged with the assistance of the central treasury function. The UK group funds its operations through a mix of retained earnings and borrowings that is designed to ensure that the company has sufficient funds for its day-to-day operations and other activities. Cash flow requirements are monitored through projections which are compiled on a periodic basis across the group. The UK group operates a cash pooling arrangement in which the company participates. Under this arrangement cash funds which are in excess of day-to-day requirements are loaned to other UK group companies.

##### ***Risks to achieving sustainable profit growth***

Performance dependent on the success of sole customer, including volume of relabelling/repacking, price per unit of service and collectability as well as obtaining more competitive terms from suppliers.

#### **Credit and market risk**

The company has limited exposure to credit and market risk given that all of its interactions are with the wider UK group.

#### **Creditor payment policy**

The policy of the company regarding the payment of trade creditors is determined internally. The policy is to:

- a) agree the terms of payment with creditors at the outset of any supply chain partnership and in advance of any provision of goods and services: and
- b) pay in accordance with the agreed terms and any other contractual or legal obligations.

The payment policy applies to all creditors for the supply of revenue and capital goods and services.

## Pharmagen Limited

### Directors' report for the year ended 31 March 2022 *(continued)*

#### Directors' responsibilities statement

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

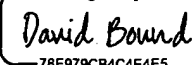
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under Company law the directors must not approve the financial statements unless they are satisfied that they give true and fair view of the state of the 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:

- a) select suitable accounting policies and then apply them consistently.
- b) make judgements and accounting estimates that are reasonable and prudent; and
- c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that

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.

Approved by the board and signed on its behalf by:

DocuSigned by:

  
78E979CB4C4E4E5...  
D Bound  
Director

Date: 6 June 2023  
Pharmagen Limited  
Sapphire Court, Walsgrave Triangle, Coventry, CV2 2TX  
Registered number 00506647

## **Pharmagen Limited**

### **Independent Auditor's Report to the Members of Pharmagen Limited**

#### **Opinion**

We have audited the financial statements of Pharmagen Limited for the year ended 31 March 2022 which comprise the income statement, statement of financial position, statement of changes in equity and the related notes, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced disclosure framework".

In our opinion the financial statements:

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

#### **Basis for opinion**

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

#### **Conclusions Relating to Going Concern**

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

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

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

#### **Other Information**

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

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

We have nothing to report in this regard.

## **Pharmagen Limited**

### **Independent Auditor's Report to the Members of Pharmagen Limited** *(continued)*

#### **Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

#### **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 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 the returns; or  
certain disclosures of directors remuneration specified by law are not made; and  
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 is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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**

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:



## Pharmagen Limited

### Independent Auditor's Report to the Members of Pharmagen Limited *(continued)*

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud** *(continued)*

We obtained an understanding of laws and regulations that affect the Company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act 2006 and tax legislation.

We enquired of the directors and reviewed correspondence and directors meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the directors have in place, where necessary, to ensure compliance.

We gained an understanding of the controls that the directors have in place to prevent and detect fraud. We enquired of the directors about any incidences of fraud that had taken place during the accounting period.

The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks.

We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.

We enquired of the directors about actual and potential litigation and claims.

We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.

In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

#### **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.

*Beever and Struthers*

Iain Round BSc FCA (Senior Statutory Auditor)

For and on behalf of

Beever and Struthers  
Chartered Accountants & Statutory Auditor  
One Express  
1 George Leigh St  
Manchester  
M4 5DL  
6 June 2023

## Pharmagen Limited

### Income statement for the year ended 31 March 2022

		Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
	Note		
Turnover	3	2,484	1,033
Cost of sales		<u>(1,197)</u>	<u>(1,575)</u>
<b>Gross profit</b>		1,287	(542)
Administrative expenses		<u>(1,197)</u>	<u>(294)</u>
<b>Profit before taxation</b>	6	on	(836)
Tax on profit	8	<u>(17)</u>	<u>159</u>
<b>Profit/(loss) for the financial year attributable to the equity shareholders of the Company</b>		<u><u>73</u></u>	<u><u>(677)</u></u>

All of the activities of the company are classified as continuing. There were no other items of comprehensive income.

# Pharmagen Limited

## Statement of Financial Position as at 31 March 2022

	Note	31 Mar 2022 £'000	31 Mar 2021 £'000
<b>Current assets</b>			
Debtors	9	8,020	6,434
Cash at bank and in hand	11	5,951	5,064
		<u>13,971</u>	<u>11,498</u>
<b>Creditors: amounts falling due within one year</b>	10	(17,511)	(15,111)
<b>Net current liabilities</b>		<u>(3,540)</u>	<u>(3,613)</u>
<b>Total assets less current liabilities</b>		(3,540)	(3,613)
<b>Net Liabilities</b>		<u>(3,540)</u>	<u>(3,613)</u>
<b>Capital and reserves</b>			
Issued share capital	12	7	7
Profit and loss account	13	(3,547)	(3,620)
<b>Shareholders' deficit</b>		<u>(3,540)</u>	<u>(3,613)</u>

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime. The financial statements on pages 8 - 21 were approved by the board of directors on 6 June 2023, and were signed on its behalf by:

DocuSigned by:  
  
 D Bound  
 Director

Registered number: 00506647

## Pharmagen Limited

### Statement of Changes in Equity for the year ended 31 March 2022

	Issued share capital £'000	Profit and loss account £'000	Total £'000
<b>Balance as at 1 April 2020</b>	7	(2,942)	(2,935)
Loss for the year	-	(678)	(678)
<b>Balance as at 31 March 2021</b>	7	(3,620)	(3,613)
<b>Balance as at 1 April 2021</b>	7	(3,620)	(3,613)
Profit for the year	-	73	73
<b>Balance as at 31 March 2022</b>	7	(3,547)	(3,540)

# **Pharmagen Limited**

## **Notes to the financial statements for the year ended 31 March 2022**

### **1 General information**

Pharmagen Limited is a private company limited by shares and is domiciled in the UK and registered in England and Wales (Companies Act registered number: 00506647). The registered office address is Sapphire Court, Walsgrave Triangle, Coventry CV2 2TX.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest thousand.

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 Summary of significant accounting policies**

#### **Basis of preparation**

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.

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.

## **Pharmagen Limited**

### **Notes to the financial statements for the year ended 31 March 2022** *(continued)*

#### **2 Summary of significant accounting policies** *(continued)*

##### **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 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.

##### **Adoption of new and revised accounting 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.

## Pharmagen Limited

### Notes to the financial statements for the year ended 31 March 2022 *(continued)*

#### 2 Summary of significant accounting policies *(continued)*

##### Adoption of new and revised accounting standards *(continued)*

<p>Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16.</p>	<p>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.</p> <p>The amendment was intended to apply until 30 June 2021, but as the impact of the Covid19 pandemic is 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 Covid19 related rent concessions in the current year and these amendments had no impact on the financial statements of the Company.</p>
<p>Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.</p>	<p>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).</p> <p>The amendments include the following practical expedients:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued</li> <li>• 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.</li> </ul> <p>These amendments had no impact on the financial statements of the Company.</p>

##### 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 June 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.

## **Pharmagen Limited**

### **Notes to the financial statements for the year ended 31 March 2022** *(continued)*

#### **2 Summary of significant accounting policies** *(continued)*

##### **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 profitable and has net current assets 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 be 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 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 and concluded that 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 and considers it unlikely the tests would be breached. 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.

In assessing the future of certain entities in the group, management assessed the Admenta UK Limited group position and believe Admenta UK Limited and its subsidiaries will continue as a going concern.

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.

On the basis of these reviews, the directors of the Company consider it is appropriate for the going concern basis to be adopted in preparing the annual report and financial statements.



## Pharmagen Limited

### Notes to the financial statements for the year ended 31 March 2022 *(continued)*

#### 2 Summary of significant accounting policies *(continued)*

##### Revenue

Revenue originates from repackaging and relabelling services. Revenue is recognised when the services are complete and the product is transferred back to the customer, provided that the amount of revenue can be reliably measured and it is likely that economic benefits will flow to the company.

For the sale of services, the customer obtains control at the point in time at which the relabelled or relabelled goods are delivered. The transfer of control is not tied to the transfer of legal ownership as the company does not take title to the product. Deliveries of goods where past experience shows that returns should be expected are not recognised in income until the deadline for the return has expired.

##### Taxes

###### *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date.

Current income tax relating to items recognised directly in equity or other comprehensive income is also recognised in equity or other comprehensive income, respectively, and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

###### *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. This is unless where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted, or substantively enacted, at the reporting date.

## Pharmagen Limited

### Notes to the financial statements for the year ended 31 March 2022 *(continued)*

#### 2 Summary of significant accounting policies *(continued)*

##### **Taxes *(continued)***

Deferred tax relating to items recognised outside the income statement is recognised outside of the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

##### **Financial assets**

###### *(i) Initial recognition and measurement*

All financial assets are recognised initially at fair value. The company's financial assets include cash and cash equivalents, trade and other receivables.

###### *(ii) Subsequent measurement*

The subsequent measurement of financial assets depends on their classification. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. Any losses arising from impairment are recognised in the income statement in finance costs.

The company does not have any instruments held at fair value through profit and loss, held-to-maturity investments or available-for-sale financial assets.

##### **Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

##### **Financial liabilities**

###### *(i) Initial recognition and measurement*

Financial liabilities are classified as financial liabilities at fair value through profit or loss or as loans and borrowings. The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings.

The company's financial liabilities include trade and other payables.

###### *(ii) Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

##### **Management estimates and judgements**

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

## **Pharmagen Limited**

### **Notes to the financial statements for the year ended 31 March 2022** *(continued)*

#### **2 Summary of significant accounting policies** *(continued)*

##### **Management estimates and judgements** *(continued)*

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### **2.1 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The directors do not believe there are any critical judgements or key sources of estimation uncertainty in applying the company's accounting policies in the current year.

## Pharmagen Limited

### Notes to the financial statements for the year ended 31 March 2022 *(continued)*

#### 3 Revenue

Revenue represents credit sales generated in the United Kingdom.

	Year ended 31 Mar 2022	Year ended 31 Mar 2021
	£'000	£'000
Repackaging and relabelling services	2,484	1,033
	<b>2,484</b>	<b>1,033</b>

#### 4 Directors' emoluments

For the year ended 31 March 2022 the directors did not receive any emoluments for their services to the company (2021: Nil). Their emoluments are paid by fellow subsidiaries, AAH Pharmaceuticals Limited and Lloyds Pharmacy Limited, which has made no recharge to the company in respect of these payments. Emoluments and pension arrangements for the directors are included in the directors' emoluments disclosed in the financial statements of AAH Pharmaceuticals Limited and Lloyds Pharmacy Limited.

#### 5 Employee information

The company had no employees during the year (2021: none) and therefore no salaries or wages have been paid during the year.

#### 6 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	Year ended 31 Mar 2022	Year ended 31 Mar 2021
	£'000	£'000
Management recharge	662	986

#### 7 Auditor remuneration

	Year ended 31 Mar 2022	Year ended 31 Mar 2021
	£'000	£'000
Auditor remuneration	20	10

# Pharmagen Limited

## Notes to the financial statements for the year ended 31 March 2022 *(continued)*

### 8 Tax on Profit/Loss

#### Major components of tax expense

	Year ended 31 Mar 2022	Year ended 31 Mar 2021
	£'000	£'000
UK current tax expense/(income)	17	159
Total current tax	17	159
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
<b>Total tax on profit/(loss)</b>	<b>17</b>	<b>159</b>

#### Reconciliation of tax expense

The tax assessed on the loss for the year is the same as (2021: same as) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	Year ended 31 Mar 2022	Year ended 31 Mar 2021
	£'000	£'000
Profit/(loss) before taxation	90	(836)
Profit/(loss) by rate of tax	17	159
<b>Tax on Profit/(loss)</b>	<b>17</b>	<b>159</b>

#### Factors that may affect future tax expense

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%.

# Pharmagen Limited

## Notes to the financial statements for the year ended 31 March 2022 *(continued)*

### 9 Debtors

	2022 £'000	2021 £'000
<b>Amount falling due within one year</b>		
Amounts owed by fellow group undertakings	7,872	5,387
Corporation tax	148	1,047
<b>Total Debtors</b>	<b>8,020</b>	<b>6,434</b>

Amounts owed by fellow group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

### 10 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Amounts owed to fellow group undertakings	17,511	15,111
<b>Total Creditors</b>	<b>17,511</b>	<b>15,111</b>

Amounts owed to fellow group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

### 11 Cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank and in hand	5,951	5,064
	<b>5,951</b>	<b>5,064</b>

## Pharmagen Limited

### Notes to the financial statements for the year ended 31 March 2022 *(continued)*

#### 12 Shareholders' Capital

	2022 Authorised and issued No.	£000	2021 Authorised and issued No.	£000
Ordinary shares of £1 each	<u>6,500</u>	<u>7</u>	<u>6,500</u>	<u>7</u>

#### 13 Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

#### 14 Lease commitments

There are no operating lease commitments at the balance sheet date.

#### 15 Ultimate parent undertaking and ultimate controlling party

##### During the financial year

The immediate parent undertaking is Admenta Holdings Limited, a company registered in England and Wales.

The ultimate parent undertaking and controlling party of the Company is McKesson Corporation, a company registered in North 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 Aur Gp Holdco (UK) Limited. 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.

#### 16 Subsequent 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 became a party to an asset-backed loan in December 2022 as set out in note 2 in order to support the funding arrangements of the Group. The Company is contingently liable in the event an affiliate defaults under the asset-backed loan, principally for failure to repay borrowings.