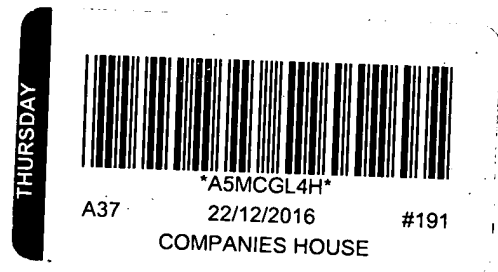


**Evolution Homecare Services  
Limited**

**Financial Statements**

**31 March 2016**



# **Evolution Homecare Services Limited**

## **Financial Statements**

**Year ended 31 March 2016**

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# **Evolution Homecare Services Limited**

## **Strategic Report**

**Year ended 31 March 2016**

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The directors present their strategic report for the year ended 31 March 2016.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company is the supply of healthcare products and services.

The twelve month period to March 2016 saw 20% organic growth in active patient numbers to 30,000 (2014: 25,000). On a pro-rata period the impact of new patients resulted in gross profit increasing 25%.

The additional patient numbers required additional headcount to successfully manage the implementation of the new business. The 20% growth in patient numbers was achieved with an increase in head count from 56 in March 2014 to 79 in March 2016.

Evolution management continues to review measures to reduce the operating costs of the business and deliver profitability. Evolution Homecare Services Limited continually looks to exploit technical enhancements to further drive efficiencies. Examples of these will span working capital management, patient service contact and administration, customer reporting and invoicing. Where possible this will also look to share best practice and technologies across the Celesio group.

Future sales growth is expected to be achieved through gaining new market share in expanding the profile of therapy areas and increasing the customer base.

#### **Principal risks and uncertainties**

The management of the company is subject to a number of key risks. Risks are formally reviewed by the board and appropriate processes are put in place to monitor and mitigate them, within a risk management framework developed by the company's ultimate parent, Celesio AG.

#### **Regulation**

Evolution Homecare Services Limited operates in highly regulated markets, any changes to which could have a negative impact on business performance. Clinical & confidentiality governance is a risk to the business. Neglect in these areas could have serious consequences for the company. In order to mitigate risk the company operates a quality system in accordance with ISO9001. Staff training is provided to prevent breach of confidentiality.

# Evolution Homecare Services Limited

## Strategic Report *(continued)*

Year ended 31 March 2016

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### **New Market Entrants**

Evolution Homecare Services Limited operates in a market in which new entrants are trying to establish themselves. The risk currently is low. High investment costs (inventory, transport infrastructure etc.) and high levels of governance & regulation result in difficult barriers of entry. Evolution also has the ability and advantage of leveraging other group companies to provide them with a competitive advantage and to strengthen their position within the industry.

### **NHS Review of Business Model**

The company runs with the risk that the NHS may review its business model and potentially revert back to the traditional in house methods. The threat of this has decreased in 2015 as previous concerns over services levels within the industry have lessened, and customer communication has maintained customer confidence in Evolution Homecare Services Limited to deliver an efficient and effective service.

### **Future developments**

The acquisition by the Celesio Group of BUPA Home Healthcare (now known as Lloyds Pharmacy Clinical Homecare which operates in overlapping markets should support the continued growth of the business through by allowing Evolution to offer more adaptable propositions to customers and improved routes to market. This key strategic acquisition should also offer cost saving benefits through synergies of best practice and operational cost pooling.

### **Financial Risk Management**

The company is exposed to a variety of financial risks, which include liquidity and interest rate risks. Evolution Homecare Services Limited is part of a group pooling arrangement whereby the responsibility of monitoring financial risk management is made through a central treasury function which arranges the overall funding requirements of the UK group of companies. This central function operates within a framework of clearly defined policies and procedures which have been approved by the directors of the company.

The policies approved by the board of directors are implemented by the company's finance department and the central treasury function. The policies for the UK group, which are documented in departmental manuals, cover funding and hedging instruments, exposure limits and a system of authority for the approval and execution of transactions.

Evolution Homecare Services Limited 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, borrowings and leasing 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 rolling projections which are compiled across the group.

# Evolution Homecare Services Limited

## Strategic Report *(continued)*

**Year ended 31 March 2016**

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### **Key performance indicators (KPIs)**

The board monitors the company's progress in implementing its strategy by reference to certain key performance indicators. Progress in the year on these KPIs is as follows:-

Turnover: 25% growth, pro-rata, year on year, this is as a result of the 20% growth in patient numbers within the period and a carry-over effect of prior period growth.

Gross profit margin: 3.5% which is consistent Year on Year (2015: 3.5%).

This report was approved by the board of directors on 20 December 2016 and signed on behalf of the board by:



T Beer  
Director

Registered office:  
Sapphire Court  
Walsgrave Triangle  
Coventry  
CT2 2TX

# Evolution Homecare Services Limited

## Directors' Report

### Year ended 31 March 2016

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The directors present their report and the financial statements of the company for the year ended 31 March 2016.

#### Results and dividends

The loss for the year amounted to £1,849,000 (15 month period ended 31 March 2015 £4,284,000). The directors do not recommend the payment of a dividend (15 month period to 31 March 2015: £nil).

#### Directors

The directors who served the company during the year were as follows:

C Tobin	
T Beer	
A Willetts	
N Swift	
S Anderson	(Resigned 31 March 2016)
H Stables	(Appointed 1 April 2016)
J R Poole	(Appointed 15 August 2016)
C McDermott	(Appointed 3 October 2016)
H M Lipp	(Appointed 6 December 2016)

#### Future developments

Future developments of the business are detailed in the strategic report.

#### Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual 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.

#### Financial risk management

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

#### Qualifying indemnity provision

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

#### 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.

#### Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

# Evolution Homecare Services Limited

## Directors' Report *(continued)*

### Year ended 31 March 2016

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#### Directors' responsibilities statement *(continued)*

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 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 judgments 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 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.

#### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

#### Approval of reduced disclosures

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

This report was approved by the board of directors on 20 December 2016 and signed on behalf of the board by:



T Beer  
Director

Registered office:  
Sapphire Court  
Walsgrave Triangle  
Coventry  
CT2 2TX

# **Evolution Homecare Services Limited**

## **Independent Auditor's Report to the Members of Evolution Homecare Services Limited**

**Year ended 31 March 2016**

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We have audited the financial statements of Evolution Homecare Services Limited for the year ended 31 March 2016 which comprise the statement of income and retained earnings, statement of financial position and the related notes 1-24. 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

### **Respective responsibilities of directors and auditor**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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.



# Evolution Homecare Services Limited

## Independent Auditor's Report to the Members of Evolution Homecare Services Limited (continued)

**Year ended 31 March 2016**

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### Matters on which we are required to report by exception

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

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

*David Hall, FCA*

David Hall FCA (Senior Statutory Auditor)

For and on behalf of  
Deloitte LLP  
Chartered accountant & statutory auditor  
Nottingham, United Kingdom

20 December 2016

# Evolution Homecare Services Limited

## Statement of Income and Retained Earnings

Year ended 31 March 2016

		<b>Year to 31 Mar 16 £000</b>	<b>Period from 1 Jan 14 to 31 Mar 15 £000</b>
<b>Turnover</b>	<b>Note 4</b>	<b>129,826</b>	<b>129,837</b>
Cost of sales		<b>(125,306)</b>	<b>(125,328)</b>
<b>Gross profit</b>		<b>4,520</b>	<b>4,509</b>
Distribution costs		<b>(4,929)</b>	<b>(5,606)</b>
Administrative expenses		<b>159</b>	<b>(2,316)</b>
<b>Operating loss</b>	<b>5</b>	<b>(250)</b>	<b>(3,413)</b>
Interest payable and similar charges	<b>9</b>	<b>(2,008)</b>	<b>(2,034)</b>
<b>Loss on ordinary activities before taxation</b>		<b>(2,258)</b>	<b>(5,447)</b>
Tax on loss on ordinary activities	<b>10</b>	<b>409</b>	<b>1,163</b>
<b>Loss for the financial year and total comprehensive loss</b>		<b>(1,849)</b>	<b>(4,284)</b>
<b>Retained losses at the start of the year</b>		<b>(14,166)</b>	<b>(9,882)</b>
<b>Retained losses at the end of the year</b>		<b>(16,015)</b>	<b>(14,166)</b>

All the activities of the company are from continuing operations.

# Evolution Homecare Services Limited

## Statement of Financial Position

31 March 2016

	Note	2016 £000	2015 £000
<b>Fixed assets</b>			
Intangible assets	11	42	78
Tangible assets	12	98	128
		<u>140</u>	<u>206</u>
<b>Current assets</b>			
Stocks	13	11,795	7,261
Debtors	14	36,062	26,811
		<u>47,857</u>	<u>34,072</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(64,012)</u>	<u>(48,444)</u>
<b>Net current liabilities</b>		<b>(16,155)</b>	<b>(14,372)</b>
<b>Total assets less current liabilities</b>		<b>(16,015)</b>	<b>(14,166)</b>
<b>Net liabilities</b>		<b>(16,015)</b>	<b>(14,166)</b>
<b>Capital and reserves</b>			
Called up share capital	19	—	—
Profit and loss account	20	(16,015)	(14,166)
<b>Shareholders deficit</b>		<b>(16,015)</b>	<b>(14,166)</b>

These financial statements were approved by the board of directors and authorised for issue on 20 December 2016 and are signed on behalf of the board by:



T Beer  
Director

Company registration number: 00874977

# **Evolution Homecare Services Limited**

## **Notes to the Financial Statements**

**Year ended 31 March 2016**

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### **1. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### **2. Accounting policies**

#### **Basis of preparation**

Evolution Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 3. The nature of the Company's operations and its principal activities are set out in the strategic report on page 1.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding period.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

#### **Transition to FRS 102**

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 24.

#### **Disclosure exemptions**

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of McKesson Corporation which can be obtained from McKesson Corporation, One Post Street, San Francisco, CA 94104, United States. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

No cash flow statement has been presented for the company.

Disclosures in respect of financial instruments have not been presented.

No disclosure has been given for the aggregate remuneration of key management personnel.

#### **Revenue recognition**

Revenue comprises sales of goods and services at invoice value less discounts and excluding value added tax.

Revenue from the provision of goods and all services is only recognised when the amounts to be recognised are fixed and determinable and collectability is reasonably assured.

Revenue from the provision of goods is recognised when the risks and rewards of ownership of goods have been transferred to the customer. The risks and rewards of ownership of goods are deemed to have been transferred when the goods are delivered to, or are picked up by the customer.

# Evolution Homecare Services Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2016

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### 2. Accounting policies *(continued)*

#### Revenue recognition *(continued)*

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

#### Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

#### Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

#### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

IT Hardware	-	between 20% and 25% straight line
Fixtures & Fittings	-	10% straight line
IT Software	-	25% straight line

#### Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

# Evolution Homecare Services Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2016

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#### 2. Accounting policies *(continued)*

##### **Finance leases and hire purchase contracts**

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

##### **Defined contribution pension scheme**

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

##### **Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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

##### **(i) Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

# Evolution Homecare Services Limited

## Notes to the Financial Statements *(continued)*

**Year ended 31 March 2016**

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### **2. Accounting policies *(continued)***

#### **Financial instruments (continued)**

a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

# Evolution Homecare Services Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2016

#### 3. 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 have considered the Statement of Comprehensive Income, the Statement of Financial Position and the Company's accounting policies and do not consider there to be any critical accounting judgements or key sources of estimation uncertainty.

#### 4. Turnover

Turnover arises from:

	Year to 31 Mar 16 £000	Period from 1 Jan 14 to 31 Mar 15 £000
Sale of goods	123,804	123,966
Rendering of services	6,022	5,870
	<u>129,826</u>	<u>129,836</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

#### 5. Operating loss

Operating profit or loss is stated after charging:

	Year to 31 Mar 16 £000	Period from 1 Jan 14 to 31 Mar 15 £000
Depreciation of tangible assets	92	131
Gains on disposal of tangible assets	–	(2)
Operating lease rentals	42	50
Foreign exchange differences	–	1
Defined contribution plans	<u>22</u>	<u>28</u>

#### 6. Auditor's remuneration

	Year to 31 Mar 16 £000	Period from 1 Jan 14 to 31 Mar 15 £000
Fees payable for the audit of the financial statements	<u>18</u>	<u>18</u>



# Evolution Homecare Services Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2016

#### 6. Auditor's remuneration *(continued)*

No non-audit services have been provided by the auditor during the year (2015: nil).

#### 7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2016 No.	2015 No.
Administrative staff	<u>64</u>	<u>50</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	Year to 31 Mar 16 £000	Period from 1 Jan 14 to 31 Mar 15 £000
Wages and salaries	2,136	2,215
Social security costs	213	223
Other pension costs	22	28
	<u>2,371</u>	<u>2,466</u>

#### 8. Directors' emoluments

The emoluments of Mr Beer are, and those of Mr Anderson were, paid by a fellow subsidiary company, AAH Pharmaceuticals limited, which makes no recharge to the company. Mr Beer is a director and Mr Anderson was a director 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 Mr Beer and Mr Anderson are disclosed. Their emoluments are included in the aggregate of of directors' emoluments disclosed in the financial statements of AAH Pharmaceuticals limited.

The emoluments of Mr Tobin, Mr Swift and Mr Willetts are paid by a fellow group company, Lloyds Pharmacy Limited, which makes no recharge to the company. Mr Tobin, Mr Swift and Mr Willetts are directors of a number of fellow group companies and it is not possible 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. The directors' emoluments are included in the aggregate of the directors' emoluments disclosed in the financial statements of Lloyds Pharmacy Limited.

#### 9. Interest payable and similar charges

	Year to 31 Mar 16 £000	Period from 1 Jan 14 to 31 Mar 15 £000
Interest on obligations under finance leases and hire purchase contracts	—	2
Other interest payable and similar charges	2,008	2,032
	<u>2,008</u>	<u>2,034</u>

# Evolution Homecare Services Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2016

#### 10. Tax on loss on ordinary activities

##### Major components of tax income

	Year to 31 Mar 16 £000	Period from 1 Jan 14 to 31 Mar 15 £000
<b>Current tax:</b>		
UK current tax income	(459)	(1,151)
Adjustments in respect of prior periods	49	(12)
Total current tax	<u>(410)</u>	<u>(1,163)</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	1	–
<b>Tax on loss on ordinary activities</b>	<u>(409)</u>	<u>(1,163)</u>

##### Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 21.40%).

	Year to 31 Mar 16 £000	Period from 1 Jan 14 to 31 Mar 15 £000
Loss on ordinary activities before taxation	(2,258)	(5,447)
Loss on ordinary activities by rate of tax	(452)	(1,166)
Adjustment to tax charge in respect of prior periods	10	(2)
Other permanent differences	33	5
<b>Tax on loss on ordinary activities</b>	<u>(409)</u>	<u>(1,163)</u>

##### Factors that may affect future tax income

In November 2015, reductions to the rate of corporation tax to 19% (effective 1 April 2017) and 18% (effective 1 April 2020) were enacted. In his budget of 2016, the Chancellor of the Exchequer proposed a further reduction to the rate of corporation tax to 17% (effective 1 April 2020) which was enacted in September 2016. The effect of the change in tax rate did not have a material impact on the deferred tax balances.

# Evolution Homecare Services Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2016

### 11. Intangible Assets

	IT Software £000
<b>Cost</b>	
At 1 April 2015	540
Additions	21
<b>At 31 March 2016</b>	<b>561</b>
<b>Depreciation</b>	
At 1 April 2015	412
Charge for the year	51
<b>At 31 March 2016</b>	<b>463</b>
<b>Carrying amount</b>	
<b>At 31 March 2016</b>	<b>98</b>
At 31 March 2015	128

### 12. Tangible assets

	IT Hardware £000	Fixtures and fittings £000	Total £000
<b>Cost</b>			
At 1 April 2015	102	604	706
Additions	4	1	5
<b>At 31 March 2016</b>	<b>106</b>	<b>605</b>	<b>711</b>
<b>Depreciation</b>			
At 1 April 2015	82	546	628
Charge for the year	12	29	41
<b>At 31 March 2016</b>	<b>94</b>	<b>575</b>	<b>669</b>
<b>Carrying amount</b>			
<b>At 31 March 2016</b>	<b>12</b>	<b>30</b>	<b>42</b>
At 31 March 2015	20	58	78

Included within the net book value of £42,000 (2015: £78,000) is £2,000 (2015: £7,000) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £5,000 (2015: £6,000).

# Evolution Homecare Services Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2016

### 13. Stocks

	2016 £000	2015 £000
Finished goods and goods for resale	<u>11,795</u>	<u>7,261</u>

### 14. Debtors

	2016 £000	2015 £000
Trade debtors	26,375	19,800
Deferred tax asset (note 18)	89	90
Prepayments and accrued income	959	3,873
Corporation tax repayable	1,573	–
Other debtors	7,066	3,048
	<u>36,062</u>	<u>26,811</u>

### 15. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Bank loans and overdrafts	29,553	26,844
Trade creditors	11,056	2,690
Amounts owed to group undertakings	17,849	17,025
Accruals and deferred income	5,485	1,820
Social security and other taxes	69	61
Obligations under finance leases and hire purchase contracts	–	4
	<u>64,012</u>	<u>48,444</u>

# Evolution Homecare Services Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2016

#### 16. Creditors: amounts falling due within one year *(continued)*

Amounts owed to affiliated companies are unsecured and have no fixed repayment date other than that they are payable on demand. The amounts are either interest free or attract interest equivalent to the overall cost of borrowing for the UK group of 4.40% (2015: 4.77%).

#### 17. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2016	2015
	£000	£000
Not later than 1 year	<u>-</u>	<u>4</u>

#### 18. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2016	2015
	£000	£000
Included in debtors (note 14)	<u>89</u>	<u>90</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016	2015
	£000	£000
Accelerated capital allowances	(50)	(60)
Short term timing differences	(39)	(30)
	<u>(89)</u>	<u>(90)</u>

#### 19. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£000	No.	£000
Ordinary shares of £1 each	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>

#### 20. Reserves

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

#### 21. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015
	£000	£000
Not later than 1 year	150	11
Later than 1 year and not later than 5 years	56	14
	<u>206</u>	<u>25</u>

#### 22. Related party transactions

The company has not disclosed transactions with fellow group companies which are 100% owned, in accordance with the exemption under the terms of FRS102.33.1A - "Related party disclosures".

# **Evolution Homecare Services Limited**

## **Notes to the Financial Statements** *(continued)*

**Year ended 31 March 2016**

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### **23. Controlling party**

The immediate parent undertaking is Admenta Holdings Limited.

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 McKesson Corporation, One Post Street, San Francisco, CA 94104, United States.

Consolidated financial statements for the smallest group of companies are prepared by Celesio AG and may be obtained from Celesio AG, Neckartalstrasse 155, 70376 Stuttgart, Germany.

### **24. Transition to FRS 102**

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 January 2014.

No transitional adjustments were required in equity or profit or loss for the period.