

Movianto UK Limited

Annual Report and financial statements

Year ended 31 December 2019

Company registration number: 01243938

WEDNESDAY



A9DQ7BHF

A25

16/09/2020

#149

COMPANIES HOUSE

7

Contents

Company information	1
Strategic report	2
Directors' report	4
Statement of directors' responsibilities	6
Independent auditor's report to the members of Movianto UK Limited	7
Profit and Loss account and other comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Accounting policies	12
Notes to the financial statements	16

Company information

Directors

D Tinsley	Resigned 1 st April 2019	
M James	Resigned 21 st May 2018	
J M Munzinger	Resigned 27 th June 2019	
N Pace	Resigned 18th June 2020	
K Hunjan	Appointed 18 th January 2019	Resigned 18th June 2020
A Howes	Appointed 27 th June 2019	Resigned 18th June 2020
S Baudry	Appointed 18 th June 2020	
Movianto Holding UK Limited		Appointed 18 th June 2020
Paul Wilkinson	Appointed 3 rd August 2020	

Secretary

AG Secretarial Limited

Registered Office

1 Progress Park
Elstow
Bedford
MK42 9XE

Auditor

KPMG
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2

Principal Bankers

Royal Bank of Scotland
2 St Philips Place
Birmingham
B3 2RB

Company Number

01243938

Strategic Report

In accordance with the Companies Act 2006 (Strategic Report and Directors' Report) regulations 2013.

Strategy and Objectives

The principal activities of the company during the year were the provision of specialist distribution and warehousing services mainly to the pharmaceutical industry, sales of pharmaceutical products and the provision of sales order processing for customers. This includes the obligation to continually meet the requirements of the nature of products which we store and deliver, including ambient temperature controlled and active cold chain.

The objective of the Company is to focus on its existing client portfolio and network to ensure that service levels are maintained and costs minimised whilst also seeking opportunities with new customers.

Review of the business

The results for Movianto UK Limited for the year ended 31 December 2019 show an increase in turnover to £155.4m (2018: £124.3m), with pre-tax losses increasing slightly to £4.6m (2018: loss £4.3m).

The year was seen as a continuation of the stabilization of the business. Several large contracts were implemented during 2019 and significant investments made to improve the infrastructure of the business including investment in a new warehouse with 60,000 pallet spaces. A restructure of the organization has been performed throughout the year, which will allow the company to continuously direct efforts and priorities to support future growth, reduce cost and improve overall result. The changes have resulted in one-off restructure and transition costs and therefore overall result of the year not reflecting the growth of added business yet however the underlying operational result shows significant improvement.

Future developments

The company continues to stabilize the business through the restructure and client implementations with primary focus on improving service levels and optimizing business processes. The business is forecasting a significant improvement of financial result in 2020 and a return to profitable business by end of the year. Management will continue to focus on securing further new business and cost efficiencies throughout 2020.

Principal risks and uncertainties

The company faces the competitive risk of the existing customer base moving to other providers. In the short term this risk is mitigated through contracted terms. Continued consolidation within the customer base can provide both a risk and opportunity depending upon whether the company is working with the acquired or acquiring business.

The company trades within a highly regulated environment and is directly affected by the impact of governmental changes with regards to the procurement of pharmaceutical products.

Also, as a result of the cost structure of the warehouse and the transport network with mainly fixed costs, as much as the company can over proportionally benefit from additional new business through the existing network, the potential loss of business could also over proportionally hit the financial result.

Corporate and Social Responsibility

As a company being engaged in healthcare distribution we know how important it is to care about others. We therefore support a number of initiatives in social responsibility and also motivate our teammates to be engaged in such activities.

Examples are supporting various local charities such as a local homeless shelter through both team and individual effort. Volunteering can provide teammates with invaluable 'hands on' experience and the opportunity to make a real, worthwhile difference to their local community. The company operates with a Volunteer time off policy in order to provide eligible teammates with one day of annual leave in order to engage as volunteers in a broad range of social, environmental and economic initiatives.

Carbon Reporting

We continuously renew our fleet within cycles between 4 and 7 years by which we benefit from the progressive improvement of the new engines with lower fuel consumption. Also, we continuously monitor and train our drivers about fuel efficient driving.

We also care about energy wastage and so to avoid high energy costs and consumption we do invest in technology to provide our chill capacities, both during warehousing (cold rooms) but also during active-cold-chain transportation, in more efficient ways.

However, we have not introduced a measurement system yet so are currently unable to provide detailed carbon reporting statistics.

Section 172 (1)

The services provided by Movianto UK Limited depend on the trust and confidence of its stakeholders to operate sustainably in the long term. The Company seeks to put its clients' best interests first, invest in its employees, supports the communities in which it operates and strives to generate the best result for its shareholders.

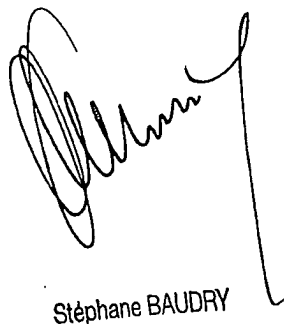
The Directors of Movianto UK Limited have acted in accordance with their duties codified in law, which include their duty to act in the way in which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in section 172(1) of the Companies Act 2006.

Section 172 (1) continued

Section 172 considerations are embedded in decision making at Board level. Issues, factors and stakeholders which the Directors have considered when discharging their duty under section 172(1) are mentioned within this Strategic Report.

Our vision, purpose, and values are set out across both this Strategic Report and the Directors Report, as are the risks facing the Company, our environmental and social practices, examples of stakeholder engagement and information about our engagement with employees, shareholders and suppliers.

By order of the Board

A handwritten signature in black ink, appearing to read 'Stéphane BAUDRY', with a long vertical line extending downwards from the end of the signature.

Director

04 September 2020

Stéphane BAUDRY

Directors' report

The directors submit their annual report and the financial statements of the company for the year ended 31 December 2019.

Principal activities

The principal activities of the company during the year were the provision of specialist distribution and warehousing services mainly to the pharmaceutical industry, sales of pharmaceutical products and the provision of sales order processing for customers.

Results and dividends

The loss for the year, after taxation, amounted to £3.3m (2018: loss of £4.8m).

No dividend was paid during the year ended 31 December 2019 (2018: £nil).

Political contributions

The company made no political donations nor incurred any political expenditure during the year

Directors and their interests

The following were directors of the company during the year ended 31 December 2019 and in the subsequent periods prior to finalizing these accounts:

D Tinsley	Resigned 1st April 2019	
M James	Resigned 21st May 2018	
J M Munzinger	Resigned 27th June 2019	
N Pace	Resigned 18th June 2020	
K Hunjan	Appointed 18th January 2019	Resigned 18th June 2020
A Howes	Appointed 27th June 2019	Resigned 18th June 2020
S Baudry	Appointed 18th June 2020	
Movianto Holding UK Ltd		Appointed 18th June 2020
Paul Wilkinson	Appointed 3rd August 2020	

The directors have no interests in the share capital of the company.

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Policy on payments of creditors

It is the company's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of these terms and to abide by them. At 31 December 2019 the company had an average of 43 days purchases outstanding in trade creditors (2018: 49).

Going concern assessment

Notwithstanding the fact that the company has accumulated losses and net liabilities, the directors are confident that the new focus of the company will lead to an improvement in liquidity in the short to medium term and that the company has adequate financial resources to enable it to continue to trade for the foreseeable future.

The company is part of a group with sufficient financial resources. O&M Movianto UK Holdings Ltd has provided the company with an undertaking that it will support the company for the foreseeable future and will not seek repayment of amounts currently made available, in order to allow the company to meet its liabilities as they fall due. As a consequence, the directors believes that the company is well placed to manage its financial risks successfully despite the current economic outlook.

The directors are satisfied at the time of agreeing the financial statements, it remains appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

Subsequent events

During 2020 there has been a global coronavirus pandemic (COVID 19). Due to the nature of the business and the markets in which the company operates, the Directors believe that there will be no material adverse impact upon the company during 2020.

On July 18, 2020, Owens & Minor Inc sold its European logistics business, Movianto (including Movianto UK Limited), to EHDH Holding Group, a privately held French company, for \$133m.

Disabled persons

Applications for employment made by disabled persons are given full and fair consideration, having regard to the disabilities of the persons concerned. Arrangements are made wherever possible for retaining employees who become disabled and to enable them to perform work identified as appropriate to their aptitudes and abilities. Opportunities for promotion and development are open to all employees.

Employee involvement

Information to employees is given through team bulletins and reports which seek to achieve a common awareness on the part of all employees of the

group's strategy and financial and economic factors affecting its performance.

Directors' report (continued)

Employee Engagement

The Company operates as Employee Consultation Group ("the ECG") which is a forum, whose principal purpose is to bring about the greater involvement of teammates within the workplace. It is structured to provide a basis for regular two-way communication in which the Company can advise and consult teammates on its overall financial progress and update teammates with regard to future projects and plans. It is an opportunity to exchange views and ideas and for all parties to discuss more general issues affecting employment relationships

Clients

Movianto values the partnership with our clients. We look at our business through the eyes of our clients. We listen to their asks. We strive to ensure that each interaction with our organisation is kept as simple as possible. We lead with client insight to deliver best in class services. To ensure we meet and exceed our clients expectations each client is appointed an Account Manager. The Account Manager coordinates the relationship between the client and Movianto to support the clients short, medium and long term business needs. Regular visits are undertaken as well as quarterly business reviews to ensure alignment and successful long lasting partnership.

Suppliers

The Company manages complex supply chain solutions for our clients and therefore it is essential to work with our suppliers in an ethical manner. We engage closely with suppliers, because we rely on them to provide us with products and services which meet our quality and performance requirements, which in turn allows us to fulfil our commitments to our clients. This engagement will be at an operational level on a day-to-day basis to ensure our expectations are met from a quality and delivery perspective or at director level in relation to more strategic discussions.

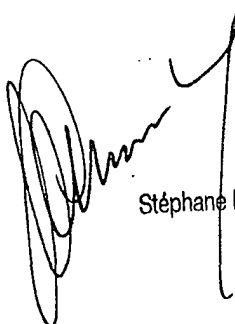
Relevant audit information

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditors, KPMG, have indicated their willingness to continue in office in accordance with the provisions of Section 487 of the Companies Act 2006.

By order of the Board



Stéphane BAUDRY

Director
04 September 2020
Registered Office
1 Progress Park
Elstow
Bedford
MK42 9XE

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d. assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- e. use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the board

Stéphane BAUDRY

Director

04 September 2020



KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOVIANO UK LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Moviano UK Ltd ('the Company') for the year ended 31 December 2019, which comprise the Profit and Loss and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been properly 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 ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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.

We have nothing to report on going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic and directors' report.

The financial statements and our auditor's report thereon do not comprise part of the other information.

Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOVIAN TO UK LIMITED (continued)

Report on the audit of the financial statements (continued)

- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our 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.

Caroline Flynn
Senior Statutory Auditor
for and on behalf of
KPMG Statutory Auditor
1 Stokes Place
St. Stephen's Green
Dublin 2

14 September 2020

Profit and Loss account and other comprehensive income
For the year ended 31 December 2019

	<i>Note</i>	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Turnover	3	155,355	124,253
Cost of sales		(147,824)	(116,417)
Gross profit		<u>7,531</u>	<u>7,836</u>
Other operating expenses		(11,935)	(11,928)
Operating loss		<u>(4,404)</u>	<u>(4,092)</u>
Other interest receivable and similar income	4	12	75
Interest payable and similar expenses	5	(202)	(283)
Loss before taxation	6	<u>(4,594)</u>	<u>(4,300)</u>
Tax on loss	9	1,329	(468)
Loss for the financial year		<u><u>(3,265)</u></u>	<u><u>(4,768)</u></u>

The results shown above are derived entirely from continuing operations.

There are no items of Other Comprehensive income in the current or prior year. Accordingly, no statement of other comprehensive income has been prepared.

The Accounting policies and notes on pages 12 to 22 form part of the financial statements.

Balance Sheet

As at 31 December 2019

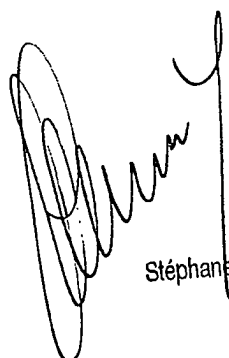
	Note	31 December 2019		31 December 2018	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible Assets	10		1,886		1,393
Tangible assets	11		12,987		8,420
Investments	12		-		-
			<u>14,873</u>		<u>9,813</u>
Current assets					
Stocks	13	8,182		8,088	
Debtors (including amounts falling due after one year)	14	80,533		80,120	
Cash at bank and in hand	15	3,309		275	
			<u>92,024</u>		<u>88,483</u>
Creditors: amounts falling due within one year	16	(107,224)		(95,310)	
Net current liabilities			(15,200)		(6,827)
Total assets less current liabilities			<u>(327)</u>		<u>2,986</u>
Creditors: amounts falling due after more than one year	17	-		(227)	
Provisions for liabilities	19	(1,216)		(1,037)	
			<u>(1,216)</u>		<u>(1,264)</u>
Net (liabilities) / assets			<u>(1,543)</u>		<u>1,722</u>
Capital and reserves					
Called-up share capital	20		17		17
Share premium account			450		450
Other reserves			29,420		29,420
Profit and loss account			(31,430)		(28,165)
Shareholder's (deficit) / funds			<u>(1,543)</u>		<u>1,722</u>

The Accounting policies and notes on pages 11 to 22 form part of the financial statements.

These financial statements were approved by the board of directors on 04 September 2020 and were signed on its behalf by:

Director

Company registration number: 01243938



Stéphane BAUDRY

Statement of Changes in Equity

For the year ended 31 December 2019

	Called up Share Capital £000	Share Premium Account £000	Revaluation Reserve £000	Capital Redemption Reserve £000	Capital Contribution Reserve £000	Foreign Exchange Reserve £000	Profit and Loss Account £000	Total Equity £000
Balance as at 1 January 2018	17	450	120	4	21,869	430	(23,400)	(510)
Total comprehensive loss for the year								
Loss for the period	-	-	-	-	-	-	(4,768)	(4,768)
Transfer between reserves	-	-	(3)	-	-	-	3	-
Total comprehensive loss for the year	-	-	(3)	-	-	-	(4,765)	(4,768)
Transactions with owners, recorded directly in equity								
Capital contribution from parent	-	-	-	-	7,000	-	-	7,000
Total contributions by and distributions to owners	-	-	-	-	7,000	-	-	7,000
Balance as at 31 December 2018	17	450	117	4	28,869	430	(28,165)	1,722
Balance as at 1 January 2019	17	450	117	4	28,869	430	(28,165)	1,722
Total comprehensive loss for the year								
Loss for the period	-	-	-	-	-	-	(3,265)	(3,265)
Transfer between reserves	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-	(3,265)	(3,265)
Balance as at 31 December 2019	17	450	117	4	28,869	430	(31,430)	(1,543)

Notes to the financial statements for the year ended 31 December 2019

1 Reporting Entity

Movianto UK Limited (the "Company") is a company limited by shares and incorporated, domiciled and registered in the UK. The registered number of the company is 01243938 and the address of its registered office is 1 Progress Park, Elstow, Bedford, MK42 9XE.

2 Accounting policies

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000, unless otherwise stated.

The company's ultimate parent undertaking Owens & Minor Inc includes the company in its consolidated financial statements. The consolidated financial statements of Owens and Minor Inc are prepared in accordance with US GAAP and are available to the public and may be obtained from www.owens-minor.com.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS102 in respect of the following :

- Cash Flow Statement and related notes
- Key management personnel compensation

Measurement convention

The financial statements are prepared on the historical cost basis.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. Assets are depreciated as follows:

Accounting policies (continued)

Tangible fixed assets (continued)

Freehold buildings	2% straight line
Leasehold improvements	10% - 33% straight line
Fixtures and fittings	16% - 33% straight line
Motor vehicles	14% - 33% straight line
Other Assets	10% - 33% straight line

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Computer Software	20% - 33% straight line
-------------------	-------------------------

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Accounting policies (continued)

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Revenue recognition

The company's sources of revenue are the provision of specialist distribution and warehousing services, sales of pharmaceutical products and the provision of sales order processing for customers.

Distribution and warehousing services

Revenue in respect of distribution and warehousing services represents the invoiced value, net of value added tax, of services rendered during the year.

Pharmaceutical products

Revenue in respect of sales of pharmaceutical products represents the invoiced value, net of value added tax, of goods sold during the year, where the company is considered to act as a principal.

Sales order processing

Revenue in respect of sales order processing for customers represents the value of the service fees charged to pharmaceutical manufacturers for the provision of this service. As part of this service the company may also collect monies for the full value of the sale of products from customers which is held in trust and then passed on to the manufacturers.

Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and interest payable

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit or loss (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Related party transactions

The company is a wholly owned subsidiary of Owens and Minor, Inc., the group financial statements of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS102 from disclosing transactions with wholly owned members of the Owens and Minor, Inc. group.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Going concern

Notwithstanding the fact that the company has accumulated losses and net current liabilities, the directors are confident that the new focus of the company will lead to an improvement in liquidity in the short to medium term and that the company has adequate financial resources to enable it to continue to trade for the foreseeable future.

The company is part of a group with sufficient financial resources. O&M Movianto UK Holdings Ltd has provided the company with an undertaking that it will support the company for the foreseeable future and will not seek repayment of amounts currently made available, in order to allow the company to meet its liabilities as they fall due. As a consequence, the directors believes that the company is well placed to manage its financial risks successfully despite the current economic outlook.

The directors are satisfied at the time of agreeing the financial statements, it remains appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the financial statements

3 Turnover

Total Turnover by Activity	2019 £'000	2018 £'000
Distribution and warehousing services	77,746	52,929
Pharmaceutical products	75,230	69,185
Sales order processing	2,379	2,139
	<u>155,355</u>	<u>124,253</u>

4 Other interest receivable and similar income

	2019 £'000	2018 £'000
Interest receivable	<u>12</u>	<u>75</u>

5 Interest payable and similar expenses

	2019 £'000	2018 £'000
Unwinding of discounted provisions	82	88
Finance leases	21	57
Other interest payable	99	138
	<u>202</u>	<u>283</u>

6 Expenses and auditor's remuneration

	2019 £'000	2018 £'000
Included in the loss are the following:		
Depreciation and amounts written off tangible fixed assets		
owned assets	5,294	1,505
assets held under finance leases and hire purchase obligations	547	1,028
Amortisation and amounts written off intangible fixed assets		
owned assets	426	98
(Profit) on disposal of tangible fixed assets	(174)	(63)
(Profit) / Loss on exchange	(28)	194
Operating lease rentals		
Plant and machinery	5,496	3,583
Land and buildings	6,151	3,226
Auditors' remuneration - audit of financial services	77	82

The company's turnover was all derived from its principal activities, wholly undertaken in the United Kingdom.

Notes to the financial statements (continued)

7 Staff numbers and costs

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

	2019	2018
Transport and warehouse	704	570
Sales and administration	85	83
	<u>789</u>	<u>653</u>

Staff costs for the above persons:

	2019 £'000	2018 £'000
Wages and salaries	21,777	16,707
Social security costs	1,952	1,567
Other pension costs	760	486
	<u>24,489</u>	<u>18,760</u>

8 Directors Remuneration

	2019 £'000	2018 £'000
Directors' remuneration		
Emoluments	182	205
Pension contributions to money purchase schemes	4	24

	2019 £'000	2018 £'000
Details of highest paid director's emoluments:		
Emoluments	182	205
Pension contributions to money purchase schemes	4	24

Three directors (2018: One) were members of a defined contribution pension scheme.

During the year 5 of the directors of the company also served as directors of Healthcare Product Services Limited, Healthcare Services Group Limited and of Pharmicare Logistics Limited and 3 of the directors also served as directors of Movianto Transport Solutions Limited. All companies are viewed together as one business unit, as subsidiaries of Healthcare Services Group Limited. For 1 director of the company, Movianto UK Limited paid the remuneration for services provided to the business unit and their total remuneration is disclosed above. The remaining directors' costs were borne by other companies within the Owens & Minor Group.

Notes to the financial statements (continued)

9 Taxation

- a) Tax on loss on ordinary activities
The tax credit is made up as follows:

	2019 £'000	2018 £'000
<i>Current tax:</i>		
UK corporation tax	-	-
Tax over provided in previous years	-	-
Total tax (note 9(b))	-	-
<i>Deferred tax:</i>		
Origination and reversal of timing differences (note 18)	(833)	503
Adjustment in respect of prior years	(583)	18
Effect of change in tax rate	87	(53)
Deferred tax	(1,329)	468
Tax on loss on ordinary activities	(1,329)	468

- b) Factors affecting the tax charge

The charge for the year can be reconciled to the loss per the income statement as follows :

	2019 £'000	2018 £'000
Loss on ordinary activities before tax	(4,594)	(4,300)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018:19.00 %)	(873)	(817)
Expenses not deductible for tax purposes	149	81
Income not taxable for tax purposes	(11)	(7)
Deferred tax assets not recognised	(98)	1,246
Adjustments in respect of previous periods	(583)	18
Tax Rate Change	87	(53)
Total tax (note 9 (a))	(1,329)	468

Notes to the financial statements (continued)

10 Intangible assets

	Computer Software £000's
Cost or valuation	
At 1 January 2019	2,312
Additions	919
Disposals	-
At 31 December 2019	<u>3,231</u>
Amortisation	
At 1 January 2019	919
Charge for year	426
Disposals	-
At 31 December 2019	<u>1,345</u>
Net book value	
At 31 December 2019	<u>1,886</u>
At 31 December 2018	<u>1,393</u>
Amortisation charge	
The Amortisation charges are recognised in the following line items of the Profit and Loss Account :	
	2019 £'000
Cost of Sales	361
Other Operating Expenses	65
	<u>426</u>
	2018 £'000
	76
	22
	<u>98</u>

11 Tangible fixed assets

	Leasehold improvements £'000	Motor vehicles £'000	Fixtures and fittings £'000	Other assets £'000	Total £'000
Cost or valuation					
At 1 January 2019	4,165	5,382	7,537	1,806	18,890
Additions	8,641	134	1,517	240	10,532
Disposals	(364)	(1,197)	(14)	(495)	(2,070)
At 31 December 2019	<u>12,442</u>	<u>4,319</u>	<u>9,040</u>	<u>1,551</u>	<u>27,352</u>
Depreciation					
At 1 January 2019	2,141	4,511	2,953	865	10,470
Charge for year	3,166	616	1,229	283	5,294
Disposals	(192)	(1,193)	(14)	-	(1,399)
At 31 December 2019	<u>5,115</u>	<u>3,934</u>	<u>4,168</u>	<u>1,148</u>	<u>14,365</u>
Net book value					
At 31 December 2019	<u>7,327</u>	<u>385</u>	<u>4,872</u>	<u>403</u>	<u>12,987</u>
At 31 December 2018	<u>2,024</u>	<u>871</u>	<u>4,584</u>	<u>941</u>	<u>8,420</u>

The net book value of assets includes £203,681 (2018: £754,262) in respect of assets held under finance leases and hire purchase contracts.

Notes to the financial statements

12 Investments

Cost and net book value:

	Subsidiary undertakings
	£
At 1 January and 31 December 2019	100

The company holds 100% of the equity share capital and 100% of the voting rights of the following company:

Subsidiary Undertaking	Aggregate of Capital and Reserves - £000	Profit / (loss) for the year - £000	Registered Office	Nature of Business	Class of Shares Held	Ownership 2019	Ownership 2018
Pharmacare Logistics Limited	1,827	-	1 Progress Park Bedford MK42 9XE	Provision of sales order processing and warehousing for customers.	Ordinary	100%	100%

13 Stocks

	2019 £'000	2018 £'000
Raw materials and consumables	8,182	8,088

14 Debtors

	2019 £'000	2018 £'000
Due within one year:		
Trade debtors	71,154	66,423
Amounts owed by group undertakings	1,285	103
Other debtors	576	1,020
Prepayments and accrued income	4,653	4,538
Deferred tax recoverable	2,865	1,536
Corporation tax recoverable	-	-
	<u>80,533</u>	<u>73,620</u>
Due after more than one year:		
Long term loan to Group Company	-	6,500
Total	<u>78,620</u>	<u>80,120</u>

Amounts owed to Group undertakings are repayable upon demand, and are non-interest bearing.

Deferred Tax (assets)		
Fixed asset timing differences	2,768	1,536
Short term timing differences - trading	97	-
	<u>2,865</u>	<u>1,536</u>

The deferred tax asset is expected to reverse after more than one year (2018: expected to reverse after more than one year).

15 Cash at bank and in hand

	2019 £'000	2018 £'000
Bank balances	3,309	275

Notes to the financial statements

16 Creditors: Amounts falling due within one year

	2019 £'000	2018 £'000
Net obligations under finance leases and hire purchase contracts (note 16)	227	584
Trade creditors	50,332	42,473
Amounts owed to group undertakings	32,753	39,866
Other taxes and social security payable	555	473
Accruals and deferred income	20,039	11,856
VAT payable	2,812	58
Other creditors	506	-
	<u>107,224</u>	<u>95,310</u>

The Amounts owed to group undertakings relate to a rolling working capital facility, repayable on demand, which incurred interest at 0.479%

17 Creditors: Amounts falling due after more than one year

	2019 £'000	2018 £'000
Net obligations under finance leases and hire purchase contracts (note 16)	-	227
	<u>-</u>	<u>227</u>

18 Obligations under finance leases and hire purchase contracts

	2019 £'000	2018 £'000
The company's obligations are repayable as follows:		
Within one year or on demand	227	584
In two to five years	-	227
Total net obligations	<u>227</u>	<u>811</u>

19 Provisions for liabilities

	2019 £'000	2018 £'000
(a) Deferred taxation		
At 1 January	(1,536)	(2,004)
Deferred Tax charge to Profit & Loss Account and Other Comprehensive Income Statement for the period	(1,329)	468
At 31 December (displayed under debtors (note 14))	<u>(2,865)</u>	<u>(1,536)</u>

There is £3,637,803 (2018: £4,313,515) of deferred tax relating to trading losses that has not been recognised on the basis that management do not deem it to be recoverable in the immediate future.

	2019 £'000	2018 £'000
(b) Provision for dilapidations of leasehold improvements		
At 1 January	1,037	877
Reclass to current liability	-	-
Provisions made during the year	179	160
At 31 December	<u>1,216</u>	<u>1,037</u>

It is expected that the dilapidations provision will be utilised over the remaining lives of the leases.

Notes to the financial statements

20 Share capital

	2019 £'000	2018 £'000
Authorised:		
46,000 ordinary shares of £1 each	46	46
4,000 redeemable preference shares of £1 each	4	4
	<u>50</u>	<u>50</u>
Allotted, issued and fully paid		
16,913 ordinary shares of £1 each	<u>17</u>	<u>17</u>

21 Commitments under operating leases

Non-cancellable operating lease rentals are payable as follows :

	2019 £'000	2018 £'000
Land and buildings		
Less than one year	7,073	5,483
Between one and five years	23,313	20,619
More than five years	42,883	45,748
Other		
Less than one year	4,188	3,848
Between one and five years	6,519	6,035
More than five years	856	5,239
	<u>84,832</u>	<u>86,972</u>

During the year £9,331,789 as recognised as an expense in the profit and loss account in respect of operating leases (2018: £6,809,301)

22 Employee benefits – Defined contribution plan

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount of £760,020 (2018: £485,716) charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

23 Ultimate parent undertaking and ultimate controlling party

The immediate parent undertaking is Healthcare Services Group Limited, the Registered Office of which is located at 1 Progress Park, Bedford, MK42 9XE. The ultimate parent undertaking and controlling party is Owens and Minor, Inc, a company incorporated in the USA, the registered office of which is 9120 Lockwood Boulevard, Mechanicsville, Virginia, USA.

The only group in which Movianto UK Limited is consolidated is that headed by Owens and Minor, Inc., whose principal place of business is at Richmond, Virginia, USA. The group financial statements of Owens and Minor, Inc. are available to the public and may be obtained from 9120 Lockwood Boulevard, Mechanicsville, Virginia, USA or www.owens-minor.com.

Notes to the financial statements

24 Accounting estimates and judgements

The preparation of financial statements in accordance with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

Recoverability of deferred income tax assets

Determining deferred tax provisions or assets involves judgement on the tax treatment of certain transactions and the likelihood of the recoverability of tax assets. A deferred tax asset is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable profits against which these can be offset. In recognising a deferred tax asset of £1,536,000 (2018: £1,536,000) (note 16), management has made judgements as to the probability of future taxable profits being generated against which tax losses or other tax assets will be available for offset.

Provisions

The company has recognised provisions for dilapidations in its financial statements which requires management to make judgements. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

Provisions for liabilities and charges

The company receives legal claims against it in the normal course of business. Management has made judgements as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depends on the due process in respective legal jurisdictions.

25 Post balance sheet events

During 2020 there has been a global coronavirus pandemic (COVID 19). Due to the nature of the business and the markets in which the company operates, the Directors believe that there will be no material adverse impact upon the company during 2020.

On July 18, 2020, Owens & Minor Inc sold its European logistics business, Movianto (including Movianto UK Limited), to EHDH Holding Group, a privately held French company, for \$133m.

