Movianto UK Limited

Annual report and financial statements
Year ended 31 December 2021
Company registration number: 01243938

Contents

Company information

Directors

S Baudry
P Wilkinson
Movianto Holding UK Limited

Secretary

AG Secretarial Limited

Registered Office

1 Progress Park
Elstow
Bedford
MK42 9XE

Auditor

Mazars Chartered Accountants & Statutory Audit Firm
Harcourt Centre
Block 3
Harcourt Road
Dublin 2

Principal Bankers

JP Morgan Chase
25 Bank Street
London
E14 5JP

Principal Solicitors

Eversheds Sutherland
1 Earlsfort Centre
Earlsfort Terrace
Dublin 2

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 and existing customers.

Review of the business

The results for Movianto UK Limited for the year ended 31 December 2021 show an increase in turnover to £203.2m (2020: £167.0m), with a pre-tax profit of £4.8m (2020: pre-tax profit of £3.2m).

The business has continued the trend of improved performance following on from the 2020 turnaround. The business has made significant investments in the year establishing a platform for future profitable growth. This investment has seen the business grow its distribution centre network and break ground on a new state of the art hub due to open in the new year. The global COVID-19 pandemic continued to contribute to both a decrease in volume for some clients and an increase for other clients. Overall the volume increased and the Company has worked efficiently and flexibly to support the market during these trying times.

Following on from the acquisition by the Walden Group in 2020 integration activities are now largely completed with some costs incurred in the year to complete these activities.

Future developments

The company continues to heavily invest in improvements to the network infrastructure as an overall strategy to continue growth and improve profit. Focus will be on ensuring the right infrastructure throughout UK operations to continuously improve and deliver high quality services to our clients through innovation. The business is forecasted to continue growth and significantly improve the financial result in 2022. Management will continue to focus on supporting the market through the pandemic response, securing further new business and achieve cost efficiencies. 2022 will see the business open a state of the art sortation hub which will be central to a more efficient transport network that will allow the business to eliminate over 600,000 miles per annum travelled by our fleet. To deliver future warehousing growth the business has secured a new Logistics Centre at Bedford Link which is 40% larger than the current facility it will replace. This new Logistics Centre will also include significant investment in automation and technology to allow us to better serve our clients and achieve sustainability targets.

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 primarily 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.

Strategic Report (continued)

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. To further build on this Movianto UK has, through its ECG established a list of charities across our sites - something local and meaningful to teammates, which it will support through various fundraising and engagement events such as Christmas raffles. Movianto has committed to match monies raised.

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.

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 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

Paul Wilkinson, Director

13 July 2022

Directors' report

The directors submit their annual report and the financial statements of the company for the year ended 31 December 2021.

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 profit for the year, after taxation, amounted to £4m (2020: 4.3m).

No dividend was paid during the year ended 31 December 2021 (2020: £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 2021 and in the subsequent periods prior to finalising these accounts:

S Baudry
P Wilkinson
Movianto Holding UK Limited

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 2021 the company had an average of 45 days purchases outstanding in trade creditors (2020: 54).

Directors' report (continued)

Going concern assessment

Notwithstanding the fact that the company has accumulated losses, 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. Walden Group 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 believe 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

A review of events subsequent to the balance sheet date was preformed and it was determined that there were no such events requiring recognition or disclosure in the financial statements.

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, We are Walden SharePoint with mobile app option 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.

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.

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.

Directors' report (continued)

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. The Company commenced trials of electric vehicles during 2021 and launched an electric company car policy in an effort to further reduce carbon footprint.

We 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.

	2021 KGCO2e	2021 TCO2e	2020 KGCO2e	2020 TCO2e
Direct emissions:				
Fuel use from transport	18,212,319	18,212	13,957,452	13,957
Combustion of natural gas	626,399	626	909,730	910
Indirect emissions:				
Electricity purchased and used for operations	1,747,297	1,747	1,625,467	1,625
Total CO2e	**20,586,016**	**20,586**	**16,492,649**	**16,492**
CO2e per FTE	**15,918**	**16**	**14,059**	**14**

Calculation methodology:

Energy conversion factors are taken from BEIS's greenhouse gas conversion factors for company reporting, published in June.

The following conversion factors have been employed:

	2021	2020
UK grid electricity	0.21233 kg CO2e per kwh	0.23314 kg CO2e per kwh
Natural gas	2.02135 kg CO2e per cubic meter	2.02266 kg CO2e per cubic meter
LPG	1.55709 kg CO2e per litre	1.55537 kg CO2e per litre
Gas oil	2.75857 kg CO2e per litre	2.75776 kg CO2e per litre
Diesel	2.51233 kg CO2e per litre	2.54603 kg CO2e per litre
Petrol	2.19352 kg CO2e per litre	2.16802 kg CO2e per litre

Directors' report (continued)

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 client's expectations each client is appointed an Account Manager.

The account manager coordinates the relationship between the client and Movianto to support the client's 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.

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

Mazars Chartered Accountants will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

By order of the board

Paul Wilkinson, Director
13 July 2022

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. asses 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

Paul Wilkinson, Director
13 July 2022

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

Opinion

We have audited the financial statements of Movianto UK Limited (the 'company') for the year ended 31 December 2021 which comprise the Profit and loss account and other comprehensive income, the Balance sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit 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 prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

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

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Tommy Doherty
Senior Statutory Auditor
Mazars, Chartered Accountants & Statutory Audit Firm
Harcourt Centre, Block 3
Harcourt Road
Dublin 2
14 July 2022

Profit and loss account and other comprehensive income
For the year ended 31 December 2021

	Note	**Year Ended 31 December 2021 £'000**	Year Ended 31 December 2020 £'000
Turnover	*3*	**203,252**	166,999
Cost of sales		**(184,467)**	(152,460)
Gross profit		**18,785**	14,539
Other operating expenses		**(13,506)**	(11,067)
Operating profit		**5,279**	3,472
Other interest receivable and similar income	*4*	**81**	-
Interest payable and similar expenses	*5*	**(537)**	(314)
Profit before taxation	*6*	**4,823**	3,158
Tax on profit	*9*	**(775)**	1,157
Profit for the financial year		**4,048**	4,315

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 16 to 30 form part of the financial statements.

Balance sheet
As at 31 December 2021

	Note	31 December 2021		31 December 2020	
		£'000	**£'000**	£'000	£,000
Fixed assets					
Intangible assets	*10*		**916**		1,374
Tangible assets	*11*		**16,394**		11,666
Investments	*12*		**-**		-
			17,310		13,040
Current assets					
Stocks	*13*	**9,509**		15,596	
Debtors (including amounts falling due after one year)	*14*	**87,509**		71,523	
Cash at bank and in hand	*15*	**8,310**		6,386	
		105,328		93,505	
Creditors: amounts falling due within one year	*16*	**(97,512)**		(102,235)	
Net current assets / (liabilities)			**7,816**		(8,730)
Total assets less current liabilities			**25,126**		4,310
Creditors: amounts falling due after more than one year	*17*	**(16,379)**		-	
Provisions for liabilities	*18*	**(1,928)**		(1,539)	
			(18,307)		(1,539)
Net assets			**6,819**		2,771
Capital and reserves					
Called-up share capital	*19*		**17**		17
Share premium account			**450**		450
Other reserves			**29,420**		29,420
Profit and loss account			**(23,068)**		(27,116)
Shareholder's funds			**6,819**		2,771

The accounting policies and notes on pages 16 to 30 form part of the financial statements

These financial statements were approved by the board of directors on the 13 July 2022 and were signed on its behalf by:

Paul Wilkinson, Director
Company registration number: 01243938

Statement of changes in equity
For the year ended 31 December 2021

	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 2020	17	450	117	4	28,869	430	(31,430)	(1,543)
Total comprehensive loss for the year								
Profit for the period	-	-	-	-	-	-	4,315	4,315
Transfer between reserves	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-	4,315	4,315
Transactions with owners, recorded directly in equity								
Capital contribution from parent	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-
Balance as at 31 December 2020	17	450	117	4	28,869	430	(27,116)	2,771
Balance as at 1 January 2021	17	450	117	4	28,869	430	(27,116)	2,771
Total comprehensive loss for the year								
Profit for the period	-	-	-	-	-	-	4,048	4,048
Transfer between reserves	-	-	-	-	-	-	-	-
Total comprehensive profit for the year	-	-	-	-	-	-	4,048	4,048
Balance as at 31 December 2021	17	450	117	4	28,869	430	(23,068)	6,819

Notes to the financial statements for the year ended 31 December 2021

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 Walden Group SAS includes the company in its consolidated financial statements. The consolidated financial statements of Walden Group SAS are prepared in accordance with French GAAP.

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.

Tangible fixed assets (continued)

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:

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.

Impairment excluding stocks and deferred tax assets (continued)

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 probably 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.

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.

Revenue recognition (continued)

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.

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.

Taxation (continued)

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 Walden Group SAS. Accordingly, the company has taken advantage of the exemption in FRS 102 from disclosing transactions with wholly owned members of the Walden Group SAS.

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, 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. Walden Group 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.

3 Turnover

	2020 £'000	2020 £'000
Total turnover by activity:		
Distribution and warehousing services	**112,293**	87,456
Pharmaceutical products	**88,617**	76,973
Sales order processing	**2,342**	2,570
	203,252	166,999

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

4 Other interest receivable and similar income

	2021 £'000	2020 £'000
Interest receivable	**81**	-

5 Interest payable and similar expenses

	2021 £'000	2020 £'000
Unwinding of discounted provisions	**85**	91
Finance leases	**-**	3
Other interest payable	**452**	220
	537	314

6 Expenses and auditor's remuneration

	2021 £'000	2020 £'000
Included in the profit are the following:		
Depreciation and amounts written off tangible fixed assets;		
Owned assets	**1,684**	3,016
Assets held under finance leases and hire purchase obligations	**-**	204
Amortisation and amounts written off intangible fixed assets;		
Owned assets	**519**	512
(Profit) / Loss on disposal of tangible fixed assets	**(19)**	168
(Profit) / Loss on exchange Operating lease rentals	**(16)**	9
Operating lease rentals;		
Plant and machinery	**5,686**	6,061
Land and buildings	**5,927**	5,667
Auditors' remuneration - audit of financial statements	**77**	81

7 Staff numbers and costs

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

	2021	2020
Transport and warehouse	**863**	833
Sales and administration	**260**	142
	1,123	975

	2021 £'000	2020 £'000
Staff costs for the above persons:		
Wages and salaries	**30,052**	23,800
Social security costs	**2,755**	2,118
Other pension costs	**1,007**	888
	33,814	26,806

8 Directors Remuneration

	2021 £'000	2020 £'000
Directors' remuneration:		
Emoluments	**215**	83
Pension contributions to money purchase schemes	**24**	9
Details of highest paid director's emoluments:		
Emoluments	**215**	83
Pension contributions to money purchase schemes	**24**	9

1 director (2020: 3) was a member of a defined contribution pension scheme.

During the year two of the directors of the company also served as directors of Pharma Pilot UK Limited, Healthcare Services Group Limited and of Pharmacare Logistics 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 Walden Group.

9 Taxation

a) Tax on profit on ordinary activities. The tax charge is made up as follows:

	2021 £'000	2020 £'000
Current tax:		
UK corporation tax	-	-
Tax over provided in previous years	-	-
Total tax (note 9(b))	-	-
Deferred tax:		
Origination and reversal of timing differences	**1,348**	(840)
Adjustment in respect of prior years	**(3)**	18
Effect of change in tax rate	**(571)**	(335)
Deferred tax	**774**	(1,157)
Tax on profit on ordinary activities	**774**	(1,157)

b) Factors affecting the tax charge:

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

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	**4,822**	3,158
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020:19.00 %)	**916**	600
Expenses not deductible for tax purposes	**175**	132
Income not taxable for tax purposes	**(11)**	(9)
Deferred tax assets not recognised	**268**	(1,563)
Adjustment in respect of prior years	**(3)**	18
Tax rate change	**(571)**	(335)
Total tax (note 9 (a))	**774**	(1,329)

10 Intangible assets

	Computer Software £'000's
Cost or valuation:	
At 1 January 2021	3,231
Additions	61
Disposals	-
At 31 December 2021	3,292
Amortisation:	
At 1 January 2021	1,857
Charge for year	519
Disposals	-
At 31 December 2021	2,376
Net book value:	
At 31 December 2021	916
At 31 December 2020	1,374

Amortisation charge:

The amortisation charges are recognised in the following line items of the profit and loss account and other comprehensive income:

	2021 £'000	2020 £'000
Cost of Sales	**390**	390
Other Operating Expenses	**129**	122
	519	512

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 2021	8,948	2,743	8,653	1,478	21,822
Additions	3,811	332	426	1,843	6,412
Disposals	-	(170)	-	-	(170)
At 31 December 2021	12,759	2,905	9,079	3,321	28,064
Depreciation					
At 1 January 2021	2,475	2,621	3,961	1,099	10,156
Charge for year	886	82	623	93	1,684
Disposals	-	(170)	-	-	(170)
At 31 December 2021	3,361	2,533	4,584	1,192	11,670
Net book value					
At 31 December 2021	**9,398**	**372**	**4,495**	**2,129**	**16,394**
At 31 December 2020	6,473	122	4,692	379	11,666

The net book value of assets includes Nil (2020: £Nil) in respect of assets held under finance leases and hire purchase contracts.

12 Investments

Cost and net book value:

	Subsidiary undertakings £
At 1 January and 31 December 2020	**100**

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

Subsidiary *Undertaking*	Aggregate of Capital and *Reserves* - £000	Profit / (loss) *for the year*	Registered Office	Nature of *Business*	Class of Shares *Held*	Ownership 2021	Ownership 2020
Pharamacare Logistics Limited	1,827	-	1 Progress Park Bedford MK42 9XE	Provision of sales order processing and warehousing for customers	Ordinary	100%	100%

13 Stocks

	2021	2020
	£'000	£'000
Finished goods and consumables	9,509	15,596

14 Debtors

	2021	2020
	£'000	£'000
Due within one year:		
Trade debtors	74,559	58,228
Amounts owed by group undertakings	1,666	1,350
Other debtors	1,102	698
Prepayments and accrued income	6,934	5,456
Deferred tax recoverable	3,248	4,022
Other tax recoverable	-	1,759
	87,643	71,523
Due after more than one year:		
Long term loan to group company	-	-

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

Deferred Tax assets recognised:

	2021	2020
Fixed asset timing differences	2,242	2,562
Tax losses rolled forward	832	1,137
Short term timing differences - trading	174	143
	3,248	4,022

£868k of deferred tax asset is expected to be reversed in 2022 and the remaining deferred tax asset is expected to reverse after more than one year (2020: £1.3m expected to be reversed in 2021, with the remaining deferred tax asset expected to reverse after more than one year).

15 Cash at bank and in hand

	2021	2020
	£'000	£'000
Bank balances	8,310	6,386

16 Creditors: Amounts falling due within one year

	2021	2020
	£'000	£'000
Trade creditors	57,438	60,091
Amounts owed to group undertakings	4,027	25,911
Loan with Group Company	7,857	-
Other taxes and social security payable	795	618
Accruals and deferred income	25,998	15,111
VAT payable	896	-
Other creditors	500	504
	97,511	102,235

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

	2021	2020
	£'000	£'000
Long term loan with Group Company	16,379	-
	16,379	-

18 Provisions for liabilities

	2021	2020
	£'000	£'000

a) Deferred taxation

	2021	2020
At 1 January	(4,022)	(2,865)
Adjustment in respect of prior periods	(3)	-
Deferred tax charge to profit & loss account and other comprehensive income statement for the period	777	(1,157)
At 31 December (displayed under debtors (note 14))	(3,248)	(4,022)

There is £3,736,075 (2020: £2,601,043) of unrecognised deferred tax relating to fixed asset timing differences, and trading losses which are not deemed by management to be recoverable in the immediate future.

b) Provision for dilapidations of leasehold improvements

	2021	2020
At 1 January	1,539	1,215
Reclass to current liability	-	-
Provisions made during the year	389	324
At 31 December	1,928	1,539

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

19 Share capital

	2021 £'000	2020 £'000
Authorised:		
46,000 ordinary shares of £1 each	**46**	46
4,000 redeemable preference shares of £1 each	**4**	4
	50	50
Allotted, issued and fully paid 16,913 ordinary shares of £1 each	**17**	17
Share premium	**450**	450

20 Commitments under operating leases

Non-cancellable operating lease rentals are payable as follows:

	2021 £'000	2020 £'000
Land and buildings:		
Less than one year	**10,935**	6,030
Between one and five years	**35,856**	23,915
More than five years	**80,809**	38,732
	127,600	68,677
Other:		
Less than one year	**3,276**	3,664
Between one and five years	**3,064**	4,835
More than five years	**749**	1,115
	7,089	9,614
	134,689	78,291

During the year £10,921,576 was recognised as an expense in the profit and loss account in respect of operating leases (2020: £11,062,889).

21 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 £1,007,279 (2020: £888,052) charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

22 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 Walden Group SAS, a company incorporated in France, the registered office of which is 31 Rue De Fleurus, 75006 Paris, France.

The only group in which Movianto UK is consolidated is that headed by Walden Group SAS, whose principal place of business is at Paris, France.

23 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 £3,247,802 (2020: £4,022,000) (note 14), 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.

24 Post balance sheet events

A review of post balance sheet events was performed and it was determined that there were no such events requiring recognition or disclosure in the financial statements.