

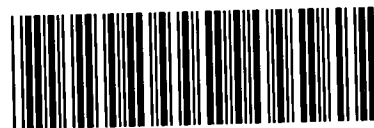
Registered No. 03603234

Phoenix Medical Supplies Limited

Report and Financial Statements

31 January 2019

WEDNESDAY



A8F8ZRLK

A26

02/10/2019

#152

COMPANIES HOUSE

Company information

Directors

S W Anderson
K J Black
H K Fisher
F Große-Natrop
S Herfeld
K R Hudson
O T Windholz

Auditors

Ernst & Young LLP
2 St Peter's Square
Manchester
M2 3EY

Registered Office

Rivington Road
Whitehouse Industrial Estate
Runcorn
Cheshire
WA7 3DJ
United Kingdom

Strategic report

The Directors present their strategic report for the year ended 31 January 2019.

Business review

The principal activity of the Company is to act as a holding Company of other companies, which supply pharmaceutical products, surgical and medical equipment to retail pharmacies, doctors, health centres and hospitals, operate retail pharmacies, or provide support and marketing activities for customers.

The Company employs a number of staff, including executive directors, who support the group companies. Group companies pay a management fee for the benefit of these services, disclosed within other income.

In addition the Company is responsible for providing financing to the companies in the group, for which it charges interest.

The operating loss for the year ended 31 January 2019 increased by 12.39% to £8,130,000 (2018: £7,234,000), principally due to an increase in consultancy costs and other expenses. The operating loss is offset by income from associate companies of £11,035,000 (2018: £147,000) and net interest receivable of £15,355,000 (2018: £14,859,000) resulting in a profit after tax of £16,911,000 (2018: £6,446,000).

On 31 October 2018 the Company sold its 21.1% interest in RX systems Limited realising a gain of £7,558,000. The principal activity of the Company is the development and delivery of Pharmacy software applications.

On 21 December 2018 the Company sold its 49% interest in Buttercups Training Limited, realising a loss of £523,000.

Key performance indicators

Management uses a range of key performance indicators to monitor and manage the business, the most relevant are discussed below.

	2019 £'000	2018 £'000	Change %
Personnel costs	13,685	10,146	34.88
Operating loss	(8,130)	(7,234)	12.39
Profit on ordinary activities after taxation	16,911	6,446	162.35
Average number of employees	233	177	31.63

During the year the Phoenix UK Group carried out a group organisation redesign resulting in a number of employees from subsidiary companies transferring to Phoenix Medical Supplies Limited. This is the principal reason for the increase in personnel costs and is offset by increased management charges to the subsidiary companies. The operating loss has increased by 12.39% or £896,000, mainly due higher consultancy costs and other expenses.

Income from shares in group undertakings consists of dividend income from subsidiaries and associate companies and profits/losses from disposals.

Underlying profit before tax, which is profit before tax of £18,260,000 less income from shares in Group undertakings of £11,035,000, has fallen by £400,000 or 5% as the increased operating loss is partly offset by improved net financing costs.

Strategic report (continued)

Key risks and uncertainties

The Company's subsidiaries operate in highly regulated markets, and significant changes to those regulations, whether directly impacting the businesses or the customers, may have a significant impact on those businesses, adverse or otherwise. Examples to changes in regulations which may have a significant impact on subsidiary businesses are changes to the Control of Entry Regulations or changes to the NHS Pharmacy Contract.

Management constantly review pending or potential changes to regulations and take appropriate action to minimise any adverse impact to the business, including any changes in respect of the decision that the UK will leave the European Union under Article 50 of the Lisbon Treaty.

The key financial risk for the Company is a significant increase in interest rates.

Financial risk management policies

The directors have reviewed the financial risk management objectives and policies of the Company. The Company does not as a regular policy enter into hedging instruments, as there is not believed to be any material exposure. It also does not enter into any speculative financial instruments. Appropriate trade terms are negotiated with suppliers and customers and management review these terms and the relationships with suppliers and customers and manage any exposure on normal trade terms.

The Company participates in the group's centralised treasury arrangements and so shares financing arrangements with its parent and fellow subsidiaries, which mitigates any liquidity risk in the Company. Management constantly reviews pending or potential changes to regulations and take appropriate action to minimise any adverse impact to the business, including any changes in respect of the decision that the UK will leave the European Union under Article 50 of the Lisbon Treaty.

By order of the Board



K R Hudson
Director
27 March 2019

Directors' report

Registered No. 03603234

The directors present their report for the year ended 31 January 2019.

Directors

The directors who held office during the year were as follows:

S W Anderson
K J Black
H K Fisher
F Große-Natrop
S Herfeld
K R Hudson
O T Windholz

Dividends

A dividend of £13,486,000 has been paid in the current year (2018: £36,125,000).

Future developments

The Company intends to continue to act as a holding Company of other companies, which supply pharmaceutical products, surgical and medical equipment to retail pharmacies, doctors, health centres and hospitals, operate retail pharmacies, or provide support and marketing activities for customers. The Company also carries out the development and maintenance computer software on behalf of subsidiary companies.

Financial risk management policies

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 to set out information related to Financial Risk Management Policies in its Strategic Report.

Employees

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and the Company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Political and Charitable donations

The Company did not make any political or charitable donations in the year (2018: nil).

Going concern

The Company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Refer to note 2 for details.

Directors' report (continued)

Directors' liabilities

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.


Disclosure of information to the auditors

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 auditors are unaware; and each director has taken steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



K R Hudson
Director
27 March 2019

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable UK 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 UK Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Independent auditor's report

to the members of Phoenix Medical Supplies Limited

We have audited the financial statements of Phoenix Medical Supplies Limited for the year ended 31 January 2019 which comprise the Income Statement, the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 26 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 101 "Reduced Disclosure Framework."

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 January 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. 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.

Use of our report

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report

to the members of Phoenix Medical Supplies 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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 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 the 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 Phoenix Medical Supplies Limited (continued)

Responsibilities of directors

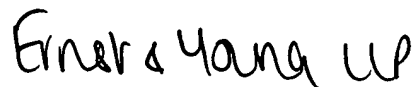
As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Victoria Venning (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester
29 March 2019

Income statement

for the year ended 31 January 2019

	Notes	2019 £000	2018 £000
Turnover	3a	1,085	-
Administrative expenses		(21,623)	(16,697)
Other operating income	3b	12,408	9,463
Operating loss	4	(8,130)	(7,234)
Income from shares in group undertakings	5	11,035	147
Interest receivable and similar income	6	23,559	22,343
Interest payable and similar charges	7	(8,204)	(7,484)
Profit on ordinary activities before taxation		18,260	7,772
Tax expense	11	(1,349)	(1,326)
Profit for the financial year	22	16,911	6,446

All activities are derived from continuing operations.

Statement of comprehensive income

for the year ended 31 January 2019


	Notes	2019 £000	2018 £000
Profit for the financial year		16,911	6,446
Other comprehensive income:			
Actuarial (loss)/gain recognised in the pension scheme	23	(3,137)	3,662
Movement on deferred tax relating to pension liability	11	533	(616)
Total Other comprehensive (expense)/income:		(2,604)	3,046
Total comprehensive profit for the year		14,307	9,492

Balance sheet

at 31 January 2019

	Notes	2019 £000	2018 £000
Fixed assets			
Intangible assets	13	1,597	1,624
Tangible assets	14	11,933	12,376
Investments	15	129,169	130,584
		<u>142,699</u>	<u>144,584</u>
Current assets			
Trade and other debtors	16	339,507	322,846
Deferred tax asset	11	3,701	3,168
		<u>343,208</u>	<u>326,014</u>
Creditors: amounts falling due within one year			
Bank overdraft		1	37
Trade creditors	17	142	1,098
Amounts owed to group undertakings	17	242,480	238,504
Income tax payable		520	306
Other taxes and social security		291	263
Other creditors, accruals and deferred income	17	3,789	3,253
		<u>247,223</u>	<u>243,461</u>
Net current assets		<u>95,985</u>	<u>82,553</u>
Total assets less current liabilities		<u>238,684</u>	<u>227,137</u>
Amounts owed to group undertakings	18	(133,486)	(125,000)
Pensions and similar obligations	23	(13,987)	(11,936)
Provisions for liabilities	19	(1,934)	(1,745)
Net assets		<u>89,277</u>	<u>88,456</u>
Capital and reserves			
Called up share capital	20	25,861	25,861
Revaluation of employee benefits		(18,069)	(15,465)
Retained earnings	22	81,485	78,060
Total equity		<u>89,277</u>	<u>88,456</u>

The financial statements were approved by the board of directors and authorised for issue on 27 March 2019



K R Hudson

Director

Registered no: 03603234

Statement of changes in equity

at 31 January 2019

	Note	Share capital	Revaluation of employee benefits	Retained earnings	Total equity
		£000	£000	£000	£000
As at 1 February 2018		25,861	(15,465)	78,060	88,456
Profit for the year		-	-	16,911	16,911
Other comprehensive income		-	(2,604)	-	(2,604)
Total comprehensive income for the year		-	(18,069)	94,971	102,763
Dividends paid	12	-	-	(13,486)	(13,486)
At 31 January 2019		25,861	(18,069)	81,485	89,277

Notes to the financial statements

for the year ended 31 January 2019

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Phoenix Medical Supplies Limited for the year ended 31 January 2019 were authorised for issue by the board of directors on 27 March 2019. Phoenix Medical Supplies Limited is incorporated and domiciled in England.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The Company has used a true and fair view override in respect of the non-amortisation of goodwill (see note 2.6).

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of PHOENIX Pharma SE. Accordingly, these financial statements are individual entity financial statements.

The results of Phoenix Medical Supplies Limited are included in the consolidated financial statements of PHOENIX Pharma SE which are available from Pfingstweidstrasse 10-12, 68199 Mannheim, Germany.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 January 2019.

The Company has taken advantage of the following disclosure exemptions:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;
- (c) the requirements of IAS 7 Statement of Cash Flows;
- (d) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (e) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- (f) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements*;
- (g) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
 - (iii) paragraph 118(e) of IAS 38 *Intangible Assets*; and
- (h) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- i) the requirements to disclose the anticipated effect of upcoming accounting standards on next years results.

Notes to the financial statements

at 31 January 2019

2. Accounting policies (continued)

2.2 Change in accounting policy and disclosures

The following new and amended IFRS interpretations are mandatory as at 1 January 2018 unless otherwise stated and the impact of adoption is described below.

IFRS 9 and IFRS 15 are new accounting standards that are effective for the year. The impact of these standards is not material.

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 January 2019 have had a material impact on the company.

IFRS 9 Financial Instruments

IFRS 9 requires the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Company has decided to apply the simplified approach and to record lifetime expected losses on all trade receivables and other debtors.

The loss allowance for contract assets under IFRS 9 is measured and recognised at the initial recognition of contract assets. The Company uses professional judgement to calculate probability-weighted estimate of credit losses (ECLs) over the expected life of contract assets. Under IAS 39 the Company used to recognize impairment of contract assets at the moment of disconnecting the customer due to breach of the contract. The application of IFRS 9 did not result in recognition of any expected impairment losses in relation to the balance of contract assets existing at the reporting date as all debtor balances are with other Group companies where there is no history of credit losses and no expectation of any future default.

IFRS 15 (Revenue from Contracts with Customers)

IFRS 15, supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

Under IAS 18, the timing of revenue recognition from the sale of goods is based primarily on the transfer of risks and rewards. IFRS 15, instead, focuses on when control of those goods has transferred to the customer. No significant accounting judgements are required and the adoption of IFRS 15 did not result in any changes to the timing of the recognition of revenue.

IFRS 16

In January 2019, IFRS 16 will be effective for all leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. All leases will need to be accounted for on the balance sheet; with the exception of low value leases and those held for less than 12 months. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Management are currently considering the disclosures for the year ended January 2020. Management has taken advantage of the IFRS 101 disclosure exemption not to disclose the anticipated effect of IFRS 16 on next year's results.

Notes to the financial statements

at 31 January 2019

2. Accounting policies (continued)

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.4 Going concern

The Company participates in centralised treasury arrangements operated by the ultimate parent company, PHOENIX Pharma SE. The parent company raises finance in a number of ways, including syndicated loans and the placement of bonds.

As part of the centralised treasury arrangements the Company has borrowing facilities of £182 million in place with PHOENIX PIB Finance BV, a Dutch subsidiary of the ultimate parent company, and the current facilities expire on 31 January 2021. The facility would also become repayable in the event that the syndicated loan or bonds noted above are declared due and payable under the terms of those agreements. On the basis of enquiries made of the Management Board of the ultimate parent company, the occurrence of such events are considered remote and therefore the facilities from PHOENIX PIB Finance BV should continue until 31 January 2021, at which point they will be refinanced or extended. There are no material uncertainties which cast significant doubt on the ability of the PHOENIX Pharma SE Group to continue as a going concern.

The Company is expected to continue to generate positive cash flows (included dividend streams from its subsidiary companies if required) for the foreseeable future. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern of accounting in preparing the annual financial statements.

2.5 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements have had the most significant effect on amounts recognised in the financial statements:

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from budget data extrapolated at an assumed growth rate and may not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the assets performance of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Notes to the financial statements

at 31 January 2019

2. Accounting policies (continued)

2.5 Significant accounting judgements, estimates and assumptions (continued)

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 11.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

2.6 Significant accounting policies

Intangible assets – goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Acquisition costs incurred are expensed and included in administrative expenses.

The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The Company is therefore invoking a 'true and fair override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act.

Intangible assets - software

Software includes IT software that is not integral to hardware purchased together with website development costs. Software is amortised on a straight line basis over 3 years.

Tangible fixed assets

Tangible fixed assets, including investment properties, are stated at cost, net of accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold property	2% per annum
Leasehold property	term of lease
Fixtures, fittings and equipment	10%-33% per annum

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

Investments

Investments in subsidiaries and associates are shown at historic cost less provision for impairment.

Notes to the financial statements

at 31 January 2019

2.6 Significant accounting policies (continued)

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from the other assets or group of assets. Where the carrying amount exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Leases

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statements on a straight-line basis over the lease terms, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Rental income from operating leases is recognised on a straight line basis over the period of the lease, and is included within other operating income.

Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables

When measuring impairment provision for billing receivables the Company uses the default ratio from previous periods including information on recoverability through the process of sales of outstanding invoices.

For other trade receivables the Company performs an assessment for each individual debtor taking into account the probability of default or delinquency in payments and the probability that a debtor will enter into financial difficulties or bankruptcy. When determining whether the recognition of lifetime expected credit loss is required under IFRS 9, the Company uses all reasonable and supportable information regarding debtors available at the assessment date, including the information about securities, e.g. guarantees, deposits and insurance.

Cash at bank and in hand

Cash comprises cash at banks and in hand and short term deposits with an original maturity of three months or less.

Bank overdrafts

Bank overdrafts are classified within creditors: amounts falling due within one year.

Notes to the financial statements

at 31 January 2019

2. Accounting policies (continued)

2.6 Significant accounting policies (continued)

Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

Income taxes

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

The Company is part of a UK group and accordingly may utilise the group relief provisions whereby current taxable profits can be offset by current tax losses arising in other group companies in the UK. The group has a policy that payment is made or received for tax losses received from, or surrendered to, other group companies.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences, carried forward tax credits or tax losses can be utilised. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or

Pension costs and other post-retirement benefits

The Company participates in a defined benefit scheme and a defined contribution scheme.

For the defined contribution scheme, the amount charged to the income statement, in respect of pension costs and other post-retirement benefits, is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The defined benefit scheme is a multi-employer scheme, and it is funded, with the assets of the scheme being held separately from those of the Company, in separate trustee administered funds. The Company's net obligation in respect of its defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current period and prior periods. The fair value of plan assets is deducted. The required disclosures for the entire defined benefit scheme are shown in note 23.

Revenue

Revenue is measured at the fair value of the consideration receivable, and represents amounts receivable for services supplied, net of returns and value added taxes. The Company recognises revenue when performance obligations have been satisfied and for the Company this is for the provision of IT support services over time on behalf of Group subsidiary companies. A contract asset is recognised where performance obligations are completed but not billed. The Company considers that there is no significant accounting judgements involved in the calculation of revenue.

Notes to the financial statements

at 31 January 2019

3 Turnover

3a Turnover and other operating income

The Company's turnover was derived wholly from the provision of IT software support services over time to the Company's subsidiaries based solely in the United Kingdom.

At as 31 January 2019 there are no contract assets or liabilities and there are no performance obligations outstanding to be fulfilled.

3b Other operating Income

	2019 £000	2018 £000
Rents received for land and buildings	1,994	1,946
Management fees	10,410	7,517
Other operating income	3	-
	<u>12,408</u>	<u>9,463</u>

4. Operating loss

This is stated after charging:

	2019 £000	2018 £000
Depreciation of tangible fixed assets: owned	485	485
Amortisation of intangible assets	44	37
Operating lease rentals - minimum lease payments	<u>556</u>	<u>530</u>

5. Income from shares in group undertakings

The amounts received from group undertakings in both current and previous year relate to dividends from subsidiaries and associates and proceeds from the sale of two associated companies.

6. Interest receivable and similar income

	2019 £000	2018 £000
Other interest income	237	218
Interest receivable from group undertakings	23,322	22,125
	<u>23,559</u>	<u>22,343</u>

Notes to the financial statements

at 31 January 2019

7. Interest payable and similar charges

	2019	2018
	£000	£000
Bank loans and overdrafts	746	515
Interest payable to group undertakings	7,164	6,509
Net interest cost less expected return on defined benefit pension plan (note 23)	294	392
Exchange gains or losses	-	68
	<u>8,204</u>	<u>7,484</u>

8. Auditor's remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements.

	2019	2018
	£000	£000
Audit of the financial statements	<u>31</u>	<u>19</u>

There were no non-audit fees paid to the auditors in either year.

9. Directors' remuneration

	2019	2018
	£000	£000
Emoluments	1,475	1,973
Company contributions to defined contribution pension schemes	-	1
	<u>1,475</u>	<u>1,974</u>

2 directors had retirement benefits accruing under the Company's defined benefit scheme at the period end (2018: 2 directors).

No directors had retirement benefits accruing under the Company's money purchase scheme during the year (2018: 1 director).

The above amounts for remuneration include the following in respect of the highest paid director:

	2019	2018
	£000	£000
Emoluments	<u>574</u>	<u>702</u>

The accrued pension entitlement under the Company's defined benefit scheme of the highest paid director at 31 January 2019 was £Nil (2018: £113,728).

Notes to the financial statements

at 31 January 2019

10. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2019 £000	2018 £000
Wages and salaries	11,591	8,648
Social security costs	1,290	993
Other pension costs	804	505
	<u>13,685</u>	<u>10,146</u>

The average monthly number of employees (excluding executive directors) during the year was made up as follows:

	2019 No.	2018 No.
Administration	<u>233</u>	<u>177</u>

11. Taxation

(a) Tax charged in the income statement

	2019 £000	2018 £000
Current income tax:		
UK corporation tax	1,253	1,340
Adjustments in respect of previous years	(93)	(247)
Total current income tax	<u>1,160</u>	<u>1,093</u>
Deferred tax:		
Origination and reversal of temporary differences	12	15
Impact of change in rate of UK corporation tax	-	-
Adjustments in respect of prior years	(8)	21
Defined benefit pension scheme	185	197
Total deferred tax	<u>189</u>	<u>233</u>
Tax expense in the Income statement	<u>1,349</u>	<u>1,326</u>

Notes to the financial statements

at 31 January 2019

11. Taxation (continued)

(b) Tax relating to items charged or credited to other comprehensive income

	2019 £000	2018 £000
Deferred tax:		
Actuarial gains and losses on defined benefit plans	533	(616)
Change in tax rates	-	-
Total deferred tax	533	(616)

(c) Reconciliation of the total tax charge

The tax expense in the income statement for the year is lower than the standard rate of corporation tax in the UK of 19.00% (2018: 19.17%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	18,260	7,772
Tax calculated at UK standard rate of corporation tax of 19.00% (2018: 19.17%)	3,469	1,490
Effects of:		
Expenses not deductible for tax purposes	102	117
Depreciation in excess of capital allowances	(2)	(2)
IAS 19 pension adjustments	(22)	(25)
Adjustments in respect of previous years	(101)	(226)
UK dividend income & sales of shares in associates	(2,097)	(28)
Total tax expense reported in the income statement	1,349	1,326

(d) Change in Corporation Tax rate

The standard rate of Corporation Tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 19.00% (2018: 19.17%). A further reduction in the main rate of corporation tax from 19% to 17% from 1 April 2020 was announced in the Summer Finance Bill 2016, which was substantively enacted on 6 September 2016. As such, in accordance with accounting standards, these changes have been reflected in the company's financial statements as at 31 January 2019. Future profits will be taxed at the appropriate rate.

Any deferred tax expected to reverse in future years has been measured using the rates substantively enacted at 31 January 2019.

Notes to the financial statements

at 31 January 2019

11. Taxation (continued)

(e) *Deferred tax*

The deferred tax included in the balance sheet is as follows:

	2019	2018
	£000	£000
<i>Deferred tax asset</i>		
Deferred tax on pension asset	<u>3,701</u>	<u>3,168</u>
<i>Deferred tax liability</i>		
Accelerated capital allowances	(611)	(607)
Other timing differences	-	-
Pension liability	<u>(1,323)</u>	<u>(1,138)</u>
	<u>(1,934)</u>	<u>(1,745)</u>

The deferred tax in the income statement is as follows:

	2019	2018
	£000	£000
<i>Deferred tax in the income statement</i>		
Origination and reversal of temporary differences	12	15
Impact of change in rate of UK corporation tax	-	-
Adjustments in respect of prior years	(8)	21
Deferred tax on Defined Benefit Pension Scheme	<u>185</u>	<u>197</u>
Deferred tax expense	<u>189</u>	<u>233</u>

Notes to the financial statements

at 31 January 2019

12. Dividends

	2019	2018
	£000	£000
Ordinary dividend of £0.52 (2018: £1.40) paid per share	<u>13,486</u>	<u>36,125</u>

13. Intangible fixed assets

Goodwill acquired through business combinations has been allocated to cash-generating units, being depots or groups of depots. These represent the lowest level within the Company at which goodwill is monitored for internal management purposes.

The recoverable amount is determined based on a value in use using cash flow projections based on financial budgets approved by the board covering a 5 year period, together with a growth assumption thereafter in perpetuity.

Goodwill and intangible assets are tested annually for impairment purposes. The key assumptions used are as follows; the discount rate used is 7.78% pre-tax (2018: 7.85%) and the growth rate is 0.5% (2018: 0.5%). These are applied consistently across all cash generating units.

Sensitivity analysis

	Goodwill £000	Software £000	Total £000
Cost or valuation:			
At 1 February 2018	1,519	473	1,992
Additions	-	17	17
Disposals	-	(296)	(296)
	-	-	-
At 31 January 2019	<u>1,519</u>	<u>194</u>	<u>1,713</u>
Depreciation:			
At 1 February 2018	-	368	368
Charge for the year	-	44	44
Disposals	-	(296)	(296)
At 31 January 2019	<u>-</u>	<u>116</u>	<u>116</u>
Net book value:			
At 31 January 2019	<u>1,519</u>	<u>78</u>	<u>1,597</u>
At 31 January 2018	<u>1,519</u>	<u>105</u>	<u>1,624</u>

The implications of the key assumptions for the recoverable amount are as follows:

- A increase in the discount rate by 1.0% (with no change in other assumptions) would not result in an impairment of goodwill.
- A reduction in the growth rate by 0.5% (with no change in other assumptions) would not result in an impairment of goodwill.

Notes to the financial statements

at 31 January 2019

14. Tangible fixed assets

	<i>Freehold land and property £000</i>	<i>Leasehold property £000</i>	<i>Investment property £000</i>	<i>Fixtures, fittings and equipment £000</i>	<i>Total £000</i>
Cost or valuation:					
At 1 February 2018	4,870	281	9,987	2,559	17,697
Additions	1	5	-	36	42
Disposals	-	-	-	(817)	(817)
Transfer from group undertaking	-	-	-	-	-
At 31 January 2019	<u>4,871</u>	<u>286</u>	<u>9,987</u>	<u>1,778</u>	<u>16,922</u>
Depreciation:					
At 1 February 2018	612	75	3,037	1,597	5,321
Charge for the year	35	20	202	228	485
Disposals	-	-	-	(817)	(817)
At 31 January 2019	<u>647</u>	<u>95</u>	<u>3,239</u>	<u>1,008</u>	<u>4,989</u>
Net book value:					
At 31 January 2019	<u>4,224</u>	<u>191</u>	<u>6,748</u>	<u>770</u>	<u>11,933</u>
At 31 January 2018	<u>4,258</u>	<u>206</u>	<u>6,950</u>	<u>962</u>	<u>12,376</u>

The Company's investment properties were valued by Bilfinger GVA at 31 Jan 2016, on the basis of fair value supported by market evidence in accordance with the valuation manual. The fair value of the properties at 31 January 2019 was £6,748,000.

Notes to the financial statements

at 31 January 2019

15. Fixed asset investments

Investments in subsidiaries

	<i>Subsidiary undertakings</i>	<i>Associates</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost or valuation:			
At 1 February 2018	165,908	1,415	167,323
Disposals	-	(1,415)	(1,415)
At 31 January 2019	<u>165,908</u>	<u>-</u>	<u>165,908</u>
Provision for impairment:			
At 1 February 2018 and 31 January 2019	<u>36,739</u>	<u>-</u>	<u>36,739</u>
At 31 January 2019	<u>129,169</u>	<u>-</u>	<u>129,169</u>
At 31 January 2018	<u>129,169</u>	<u>1,415</u>	<u>130,584</u>

The Company's investment in subsidiary undertakings represents the share capital in a number of companies, which are incorporated in England, Wales and Scotland, and are summarised below.

<i>Name</i>	<i>Class of shares</i>	<i>Holding</i>	<i>Nature of business</i>
Phoenix Healthcare Distribution Limited*	ordinary	100%	Pharmaceutical wholesale
L Rowland & Company Limited*	ordinary	100%	Holding Company
L Rowland & Company (Retail) Limited	ordinary	100%	Pharmaceutical retail
Numark Limited**	ordinary	86%	Provision of marketing and support services to retail chemists
Numark Trading limited	ordinary	50%	Dormant
Phoenix Distribution Systems	ordinary	100%	Dormant

*denotes subsidiaries held directly by the Company

**86% of Numark is held directly by the Company and the remaining 14% is held by L.Rowland & Company (Retail) Limited

Notes to the financial statements

at 31 January 2019

15. Fixed asset investments (continued)

Investments in associates

On 31 October 2018 the Company sold its 21.1% interest in RX Systems Limited. The principal activity of the company is the development and delivery of Pharmacy software applications realising a gain of £7,558,000.

On 21 December 2018 the Company sold its 49% interest in Buttercups Training Limited. The principal activity is to provide high quality training courses for Pharmacists, Technicians and dispensing assistants, realising a loss of £523,000.

16. Trade and other debtors

	2019 £000	2018 £000
Amounts due from group undertakings	332,620	315,985
Other debtors	5,728	5,750
Prepayments and accrued income	1,159	1,111
	<u>339,507</u>	<u>322,846</u>

Other debtors represent a loan to a third party which carries an interest rate of 3.5% and is repayable in full no later than 31 March 2019. The expected credit losses on the loan are £22,000.

17. Creditors: amounts falling due within one year

The amounts owed to group undertakings are repayable on demand. The balance consists of £32,876,000 (2018: £47,211,000) due to trading balances with other group companies and the remainder of £209,604,000 (2018: £191,293,000) is due to subsidiary companies.

Trade creditors are non-interest bearing and are normally settled between 7 and 35 days.

Other creditors are non-interest bearing and have an average term of 1 month.

18. Creditors: amounts falling due after more than one year

	2019 £000	2018 £000
Due between two and five years		
Amounts owed to group undertakings	<u>133,486</u>	<u>125,000</u>

The loan is not secured and is repayable on the 31 January 2021 at a revolving rate of interest rate at 5%.

Notes to the financial statements

at 31 January 2019

19. Provisions

	<i>Deferred tax (note 11) £000</i>
At 1 February 2018	1,745
Charged to income statement	<u>189</u>
At 31 January 2019	<u>1,934</u>

20. Authorised and issued share capital

	<i>2019 £000</i>	<i>2018 £000</i>
Authorised and Allotted, called up and fully paid		
25,861,200 Ordinary shares of £1 each	<u>25,861</u>	<u>25,861</u>

21. Financial commitments

Future minimum commitments under non-cancellable operating leases are as follows:

	<i>2019 £000</i>	<i>2018 £000</i>
Not later than one year	391	530
After one year but not more than five years	1,011	1,135
After five years	<u>620</u>	<u>811</u>
	<u>2,022</u>	<u>2,476</u>

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

During the previous year a commitment was entered into to purchase 100% of the shares of a third party at any time prior to 31 May 2019, at fair value, which is estimated to be £10.1million.

22. Reserves

	<i>Retained earnings £000</i>
At 1 February 2018	78,060
Profit for the year	16,911
Dividend paid	<u>(13,486)</u>
At 31 January 2019	<u>81,485</u>

Notes to the financial statements

at 31 January 2019

23. Pension and other post-employment benefits

Defined contribution scheme

The principal scheme is a defined contribution scheme. The assets of the scheme are held separately from those of the Company, in an independently administered fund. The pension costs amounted to £274,000 (2018: £162,000).

Defined benefit scheme

The Company has made contributions to a defined benefit scheme – The Phoenix Medical Supplies Limited Pension Scheme. The scheme is a multi-employer scheme, with the assets and liabilities of the scheme being held separately from those of the Company in separate trustee administered funds. The assets and liabilities of the scheme are recognised within the financial statements of the company as the principal employer of the scheme. The value of the Company's contributions to the pension scheme was £2,071,000 (2018: £2,206,000).

The latest full actuarial valuation for The Phoenix Medical Supplies Limited Pension Scheme was carried out as at 31 March 2016. This valuation has been updated to 31 January 2019 by an independent actuary, using revised assumptions, which are consistent with the requirements of IAS 19. The major assumptions used for the actuarial value were:

	2019	2018
Rate of increase in salaries	4.50%	4.60%
LPI pension increase (RPI)	3.50%	3.60%
LPI pension increase (CPI)	2.50%	2.60%
Discount rate	2.70%	2.70%
Inflation assumption (RPI)	3.50%	3.60%
Inflation assumption (CPI)	2.50%	2.60%
Life expectancy on retirement at age 65		
-Male – age 65 as at 31 January	22.6 years	22.5 years
-Male – age 45 as at 31 January	24.4 years	24.3 years
-Female – age 65 as at 31 January	24.8 years	24.7 years
-Female – age 45 as at 31 January	26.7 years	26.6 years

The discount rate is based on a nominal AA corporate bond spot yield curve at a duration in line with the Scheme liabilities. The assumptions for inflation and for increases in pensions are based on the implied inflation from the Bank of England implied inflation curve at the appropriate duration for the Scheme. Mortality rates are based on S1N[M/F]A03 year of birth tables with 2015 CMI projections and long term rates of mortality improvements of 1.25% pa.

Notes to the financial statements

at 31 January 2019

23. Pension and other post-employment benefits (continued)

A quantitative sensitivity analysis for significant assumptions on the defined benefit obligation as at 31 January 2019 and 2018 is as shown below:

	<i>Increase/(decrease) in defined benefit obligation</i>	
	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>
<i>Discount rate</i>		
Plus 0.5%	(5,000)	(5,186)
Minus 0.5%	5,800	6,020
<i>RPI and CPI inflation</i>		
Plus 0.5%	5,200	5,434
Minus 0.5%	(4,400)	(4,851)
<i>Salary increase</i>		
Plus 0.5%	1,000	1,084
Minus 0.5%	(800)	(1,086)
<i>Life expectancy</i>		
Plus 10%	1,100	1,004
Minus 10%	(900)	(947)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

Scheme assets and liabilities as at 31 January

Scheme assets have been valued at their fair value. The assets in the scheme and the present value of the scheme liabilities at the balance sheet date were:

	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>
Total fair value of assets	38,075	40,814
Present value of scheme liabilities	(52,062)	(52,750)
Deficit in the scheme	(13,987)	(11,936)
Related deferred tax asset	2,378	2,029
Net pension deficit	(11,609)	(9,907)

Notes to the financial statements

at 31 January 2019

23. Pension and other post-employment benefits (continued)

Movements in present value of defined benefit obligation

	2019	2018
	£000	£000
At 1 February 2018	52,750	53,652
Current service cost	691	655
Contributions by members	44	62
Interest cost	1,408	1,557
Benefits paid	(1,239)	(1,058)
Actuarial (gains)	(1,592)	(2,118)
At 31 January 2019	52,062	52,750

Movements in fair value of plan assets

	2019	2018
	£000	£000
At 1 February 2018	40,814	36,935
Expected return on plan assets	1,114	1,165
Contributions by members	44	62
Contributions by employer	2,071	2,206
Benefits paid	(1,239)	(1,058)
Actuarial (losses)/gains	(4,729)	1,504
At 31 January 2019	38,075	40,814

Notes to the financial statements

at 31 January 2019

23. Pension and other post-employment benefits (continued)

The amounts recognised in the Income Statement and in the Statement of Comprehensive income for the year is analysed as follows

	2019 £000	2018 £000
Recognised in the Income Statement		
Current service cost	691	655
Net interest on defined benefit deficit	294	392
Taken to the Statement of comprehensive income		
	2019 £000	2018 £000
Loss/(gain) on scheme assets in excess of interest	4,729	(1,504)
Experience (gains) on liabilities	(531)	(2,350)
(Gains) from changes in demographic assumptions	-	(1,077)
(Gains)/losses from changes to financial assumptions	(1,061)	1,309
Recognised in the Statement of comprehensive income	3,137	(3,622)

Of the £691,000 Current service cost, £161,000 (2018: £312,000) was recharged to other Group companies.

24. Contingent liabilities

The Company participates in the centralised treasury arrangements of the ultimate parent company, PHOENIX Pharma SE. These arrangements are set out in the basis of preparation note in these financial statements.

25. Events after the end of the reporting period

On 7 March 2019 the Company exercised an option to purchase 100% of the issued share capital of PAS Holding Company Limited, a company incorporated in the United Kingdom, for £10.1 million. The principal business activity of the acquired company is providing purchasing solutions for community pharmacies.

Notes to the financial statements

at 31 January 2019

26. Ultimate parent undertaking and controlling party

The immediate parent company is PHOENIX PIB Dutch Holding BV. The ultimate parent company and controlling party is PHOENIX Pharma SE, a company incorporated in Germany. Its principal place of business is Pfingstweidstrasse 10-12, 68199 Mannheim, Germany.

The largest and smallest group of undertakings, for which group financial statements have been drawn up, is that headed by PHOENIX Pharma SE, which prepares consolidated financial statements that are available to the public from the aforementioned address.