

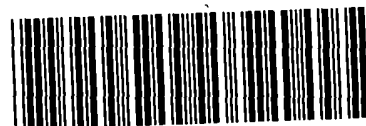
Registration number: 03681736

Prinwest Limited

Annual report and financial statements

for the year ended 31 August 2019

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Prinwest Limited

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Prinwest Limited

Company information

Directors

A. I. Patel

Y. I. Patel

A. J. Caunce (Appointed 17/06/19)

Company secretary

A. I. Patel

Registered office

Lynstock House
Lynstock Way
Lostock
Bolton
BL6 4SA

Bankers

The Royal Bank of Scotland plc
3 Hardman Boulevard
Manchester
Lancashire
M3 3AQ

Auditor

Deloitte LLP
Statutory Auditor
2 Hardman Street
Manchester
M3 3HF

Prinwest Limited

Strategic report

For the year ended 31 August 2019

The directors present their strategic report on the affairs of the company, together with the directors' report, audited financial statements and auditor's report, for the year ended 31 August 2019.

Principal activities and business review

The principal activity of the company during the year was that of pharmaceutical wholesalers. The company distributes medicines and healthcare goods. The company has had a good year due to a very stable customer base, with the majority of sales being made to existing customers.

Principal risks and uncertainties

The company's main risk is that of supply in terms of price and availability which management monitor constantly. The company reviews its portfolio of stock regularly in order to achieve optimum sales and profitability. Given the nature of the company's customers it has no significant risks of financing credit.

Brexit

Following the decision for the UK to leave the EU under Article 50 of the Lisbon Treaty, we continue to monitor the situation in order to plan for changes within our industry. Until the terms of the UK's departure are finalised it is not possible to determine the exact financial effect. The business will liaise with its major suppliers to assess their readiness and continue to work with them to mitigate the disruption to supply chains. The business will make appropriate changes as required in order to adapt and thereby continue to perform as effectively as possible.

Other Matters

Following the recent developments in the coronavirus outbreak, we will continue to monitor and manage the situation in order to ensure patients continue to receive medication and the services we provide.

We have started pandemic planning meetings, and following the Swine Flu in 2009 have an existing pandemic plan in place. Our initial steps are to review and update this plan to formulate a current pandemic plan. We have appointed a member of staff as our Cohens Coronavirus Lead, to field numerous calls a day from branches needing advice.

The situation is evolving daily, and as such we will continue to work with our major suppliers to assess their readiness and continue to work with them to mitigate the disruption to the supply chains.

We have assessed the risk of a decrease in prescriptions, and therefore revenue and cashflow, and are confident these areas will not be impacted, as the Government have confirmed that the community pharmacy sector funding profile will remain at £2.592bn until at least 2023/2024, and therefore we will still receive income regardless of a potential decrease in prescriptions.

We recognise the potential challenges we may face with staffing, and although we do not have staff working abroad, we are mitigating the risk of our UK based staff by following Foreign and Commonwealth Office (FCO) advice, which includes sharing daily updates to all staff and discouraging staff from travelling, particularly to the Category 1 and Category 2 areas. To date we have not experienced any major staffing issues as a result of the virus.

Prinwest Limited

Strategic report (continued)

For the year ended 31 August 2019

Results and key performance indicators

The results for the year are set out on page 10.

The profit for the year, after taxation, amounted to £7,802,260 (2018 - £9,016,846).

The key performance indicators used by management during the year were:

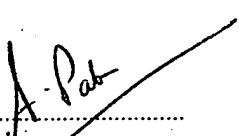
| | 2019 | 2018 |
|---------------------|----------|--------|
| Turnover | £ 100.9m | £98.1m |
| Stocks | £10.7m | £9.1m |
| Gross margin | 13.1% | 14.1% |
| Shareholder's funds | £38.5m | £30.8m |
| EBITDA | £9.8m | £10.5m |

All KPIs are considered satisfactory, reflecting a stable core operation for the year. The gross margin is slightly less than prior year, and reflects a continued strong position in the market, with stock levels held at commercially reasonable levels.

Future developments

The directors are not aware of any likely changes in the company's activities in the coming year. The directors will strive to improve turnover and profitability over the coming year through the continued expansion of the business and by seeking new wholesale opportunities.

Approved by the Board on 13th March 2020 and signed on behalf of the Board.


.....
A I Patell
Company Secretary and Director

Lynstock House
Lynstock Way
Lostock
Bolton
BL6 4SA

Prinwest Limited

Directors' report

For the year ended 31 August 2019

The directors present their annual report on the affairs of Prinwest Limited ('the company') together with the audited financial statements and auditor's report, for the year ended 31 August 2019. The company's principal activities, business review, future developments and discussion of risks are presented within the strategic report on page 2.

Charitable donations

During the year, the company made donations for charitable purposes amounting to £650 (2018: £2,305) principally to local charities. There were no political donations made in the year (2018: same).

Going concern

The directors have reviewed the financial position in line with cash flows forecasts and conclude that the adoption of the going concern basis in preparing the financial statements is still appropriate. Further details can be found in the accounting policies note 2.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Cash flow risk

The company's activities expose it primarily to the financial risks of changes in interest rates. The directors monitor any changes in interest rates so that action can be taken in a timely manner if necessary.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with sales to credit-checked counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Asan Holdings Limited group uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the accounting policies within note 2 of the financial statements.

Post-Balance Sheet Events

There are no material post-balance sheet events to report.

Dividends

The directors have not recommended a dividend (2018 - £nil).

Directors

The following directors have held office since 1 September 2018:

A I Patel

Y I Patel

A J Caunce (Appointed 17/06/19)

Directors' indemnities

The company has made qualifying third party provisions for the benefit of its directors, and directors of associated companies, which were made in prior years and remain in force to the date of this report.

Auditor

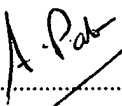
Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The auditor, Deloitte LLP, have expressed their willingness to continue as auditor of the company.

Approved by the Board of Directors on 13th March 2020 and signed on behalf of the Board.


.....
A I Patel
Company Secretary and Director

Lynstock House
Lynstock Way
Lostock
Bolton
BL6 4SA

Prinwest Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including 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:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Prinwest Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Prinwest Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 August 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

Independent auditor's report to the members of Prinwest Limited (continued)

Other information (continued)

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 this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

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 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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

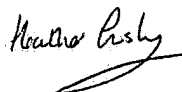
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Prinwest Limited (continued)

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.



.....
Heather J Crosby BSc ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom

Date: 13th March 2020

Prinwest Limited

Profit and loss account

For the year ended 31 August 2019

| | Note | 2019 £ | 2018 £ |
|--|------|---------------------|---------------------|
| Turnover | 4 | 100,939,464 | 98,143,414 |
| Cost of sales | | <u>(87,764,924)</u> | <u>(84,337,796)</u> |
| Gross profit | | 13,174,540 | 13,805,618 |
| Distribution costs | | (116,076) | (72,965) |
| Administrative expenses | | (3,430,455) | (3,403,961) |
| Other operating income | | <u>-</u> | <u>39,892</u> |
| Operating profit | 5 | 9,628,009 | 10,368,584 |
| Other interest receivable and similar income | | 1,092 | - |
| Interest payable and similar charges | | <u>-</u> | <u>(1,098)</u> |
| Profit before taxation | | 9,629,101 | 10,367,486 |
| Taxation | 8 | <u>(1,826,841)</u> | <u>(1,350,640)</u> |
| Profit for the financial year | | <u>7,802,260</u> | <u>9,016,846</u> |

The above results were derived from continuing operations.

There were no income or expenses arising in the current or previous year other than those stated in the profit and loss account. Accordingly, a separate statement of comprehensive income has not been presented.

Prinwest Limited

**Balance sheet
As at 31 August 2019**

| | Note | 2019 £ | 2018 £ |
|---|------|--------------|--------------|
| Fixed assets | | | |
| Tangible assets | 9 | 745,134 | 756,028 |
| Current assets | | | |
| Stocks | 10 | 10,653,689 | 9,140,675 |
| Debtors: amounts falling due within one year | 11 | 46,650,986 | 34,034,716 |
| Cash at bank and in hand | | 277,054 | 8,925,063 |
| | | 57,581,729 | 52,100,454 |
| Creditors: amounts falling due within one year | 12 | (19,744,656) | (22,076,535) |
| Net current assets | | 37,837,073 | 30,023,919 |
| Net assets | | 38,582,207 | 30,779,947 |
| Capital and reserves | | | |
| Called-up share capital | 14 | 100 | 100 |
| Profit and loss account | 14 | 38,582,107 | 30,779,847 |
| Shareholders' funds | | 38,582,207 | 30,779,947 |

The financial statements of Prinwest Limited (company registration number 03681736) were approved by the Board of directors and authorised for issue on 13th March 2020

Signed on behalf of the Board of Directors.


.....
A I Patel

Company Secretary and Director

The notes on pages 13 to 25 form an integral part of these financial statements.

Prinwest Limited

Statement of changes in equity For the year ended 31 August 2019

| | Note | Called-up share capital £ | Profit and loss account £ | Total £ |
|----------------------------|------|---------------------------------|---------------------------------|------------|
| At 1 September 2017 | | 100 | 21,763,001 | 21,763,101 |
| Profit for the year | | - | 9,016,846 | 9,016,846 |
| Total comprehensive income | | - | 9,016,846 | 9,016,846 |
| At 31 August 2018 | 14 | 100 | 30,779,847 | 30,779,947 |

| | | Called-up share capital £ | Profit and loss account £ | Total £ |
|----------------------------|----|---------------------------------|---------------------------------|------------|
| At 1 September 2018 | | 100 | 30,779,847 | 30,779,947 |
| Profit for the year | | - | 7,802,260 | 7,802,260 |
| Total comprehensive income | | - | 7,802,260 | 7,802,260 |
| At 31 August 2019 | 14 | 100 | 38,582,107 | 38,582,207 |

The notes on pages 13 to 25 form an integral part of these financial statements.

Prinwest Limited

Notes to the financial statements For the year ended 31 August 2019

1 General information

The company is a private company limited by share capital, registered in England and Wales and incorporated in the United Kingdom under the Companies Act 2006.

The address of its registered office is:

Lynstock House
Lynstock Way
Lostock
Bolton
BL6 4SA

The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

2 Accounting policies

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

Basis of accounting

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

Prinwest Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

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

Going concern

The directors have reviewed trading projections and the availability of finance in the context of those projections. The company is financed in part by a senior term facility and an invoice discounting facility, which are held by a fellow subsidiary and the parent company, and related party loans. Trading and cash flow forecasts for the group indicate that the company and group will continue to trade profitably and to generate cash sufficient to meet day to day requirements. As a result of their enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Tangible assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over the estimated useful lives of the assets. The rates of depreciation for the assets are as follows:

| | |
|-----------------------|----------------------|
| Fixtures and fittings | 20% reducing balance |
| Motor vehicles | 25% reducing balance |
| Plant and machinery | 50% straight line |

Prinwest Limited

Notes to the financial statements (continued) For the year ended 31 August 2019

2 Accounting policies (continued)

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Cost is the purchase price of the materials. Net realisable value is based on estimated selling price less all further marketing, selling and distribution costs. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow moving or defective items where appropriate.

Financial instruments

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

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

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs).

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

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

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

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

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

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

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

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

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Primwest Limited

Notes to the financial statements (continued)
For the year ended 31 August 2019

2 Accounting policies (continued)

Financial instruments (continued)

Financial assets and liabilities (continued)

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

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

Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Tax

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 substantively enacted by the balance sheet date.

Prinwest Limited

Notes to the financial statements (continued) For the year ended 31 August 2019

2 Accounting policies (continued)

Tax (continued)

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.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods in the ordinary nature of business and recognised at the point that the goods are provided to the customers. Turnover is shown net of Value Added Tax and trade discounts.

Prinwest Limited

Notes to the financial statements (continued) For the year ended 31 August 2019

2 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of the future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, 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.

Prinwest Limited

Notes to the financial statements (continued) For the year ended 31 August 2019

3 Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying the company's accounting policies

The directors do not consider that the amounts recognised in the financial statements have been significantly affected by any critical judgements made in the process of applying the company's accounting policies.

Key sources of estimation uncertainty - impairment of intercompany debt

Where there are indicators that intercompany debt balances are not recoverable, management write the debt down to the recoverable amount. The remaining intercompany debt balances are deemed recoverable based on the group being profitable and assets generating a positive return.

4 Turnover

Turnover is wholly derived from the company's principal activity and originates entirely from operations in the United Kingdom. As a result no segmental analysis is presented.

5 Operating profit

Operating profit is stated after charging:

| | 2019 | 2018 |
|--|------------|------------|
| | £ | £ |
| Depreciation expense (note 9) | 214,166 | 159,016 |
| Loss on disposal of fixed assets | 8,897 | 18,852 |
| Foreign exchange losses | - | 142 |
| Operating lease expense | 345,092 | 331,876 |
| Cost of stock recognised as an expense | 87,764,924 | 84,337,796 |

6 Employees

The company has no employees, however staff costs totalling £2,024,733 (2018 - £2,137,691) relating to individuals were recharged to the company from Gorgemead Limited during the year. The directors received no remuneration (2018: £nil).

Prinwest Limited

Notes to the financial statements (continued) For the year ended 31 August 2019

7 Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual accounts were £19,000 (2018 - £18,720). See table below for analysis.

| | 2019 £ | 2018 £ |
|---|---------------|---------------|
| Fees payable to the company's auditor and its associates for the audit of the company's annual accounts | 19,000 | 18,720 |
| Total audit fees | 19,000 | 18,720 |
| Taxation compliance services | 3,500 | 3,500 |
| All other non-audit services | 650 | 3,000 |
| Total non-audit fees | 4,150 | 6,500 |

8 Tax on profit

The tax charge comprises:

| | 2019 £ | 2018 £ |
|---|------------------|------------------|
| Current taxation | | |
| UK corporation tax | 1,834,528 | 1,350,585 |
| Deferred tax | | |
| Arising from origination and reversal of timing differences | (8,591) | 62 |
| Arising from changes in tax rates and laws | 904 | (7) |
| Total deferred tax | (7,686) | 55 |
| Total tax on profit | 1,826,841 | 1,350,640 |

The tax on profit for the year is lower than the standard rate of corporation tax in the UK (2018: higher than the standard rate of corporation tax in the UK) of 19% (2018: 19%).

Prinwest Limited

Notes to the financial statements (continued) For the year ended 31 August 2019

8 Tax on profit (continued)

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

| | 2019 £ | 2018 £ |
|---|------------------|------------------|
| Profit before tax | 9,629,101 | 10,367,486 |
| Tax on profit at standard UK corporation tax rate of 19% (2018: 19.58%) | 1,829,529 | 1,969,822 |
| Effects of: | | |
| Non deductible expenses | 2,126 | 2,074 |
| Effect of changes in tax rates | 904 | (7) |
| Adjustment from previous periods | (3,694) | - |
| Effects of group relief/ other reliefs | (2,024) | (621,249) |
| Tax charge for the year | 1,826,841 | 1,350,640 |

The standard rate of tax applied to reported profit is 19.00% (2018: 19.00%). Finance Act 2016, substantively enacted September 2016, reduced the rate to 17% with effect from 1 April 2020.

9 Tangible assets

| | Plant and machinery £ | Fixtures and fittings £ | Motor vehicles £ | Total £ |
|--------------------------|-----------------------------|-------------------------------|---------------------|------------------|
| Cost or valuation | | | | |
| At 1 September 2018 | 40,465 | 906,820 | 540,958 | 1,488,243 |
| Additions | 10,258 | 80,249 | 145,661 | 236,167 |
| Disposals | (25,406) | - | (60,220) | (85,625) |
| At 31 August 2019 | 25,317 | 987,069 | 626,399 | 1,638,785 |
| Depreciation | | | | |
| At 1 September 2018 | 25,886 | 573,980 | 132,349 | 732,215 |
| Charge for the year | 17,608 | 80,412 | 116,146 | 214,166 |
| Eliminated on disposal | (25,406) | - | (27,324) | (52,730) |
| At 31 August 2019 | 18,088 | 654,392 | 221,171 | 893,651 |
| Net book value | | | | |
| At 31 August 2019 | 7,229 | 332,677 | 405,228 | 745,134 |
| At 31 August 2018 | 14,579 | 332,840 | 408,609 | 756,028 |

Prinwest Limited

Notes to the financial statements (continued) **For the year ended 31 August 2019**

10 Stocks

| | 2019 £ | 2018 £ |
|-------------------------------------|------------|-----------|
| Finished goods and goods for resale | 10,653,689 | 9,140,675 |

There is no material difference between the balance sheet value of stocks and their replacement costs.

11 Debtors: amounts falling due within one year

| | 2019 £ | 2018 £ |
|---|------------|------------|
| Trade debtors | 1,632,549 | 2,797,834 |
| Amounts owed by parent and fellow subsidiary undertakings | 44,228,542 | 29,772,043 |
| Prepayments and accrued income | 764,620 | 1,450,078 |
| Other debtors | 2,828 | - |
| Deferred tax asset (see note 13) | 22,447 | 14,761 |
| Total current trade and other debtors | 46,650,986 | 34,034,716 |

Amounts owed by parent and fellow subsidiary undertakings are unsecured, interest free and repayable on demand.

12 Creditors

| | 2019 £ | 2018 £ |
|--|------------|------------|
| Creditors: amounts falling due within one year | | |
| Trade creditors | 17,760,986 | 20,799,276 |
| Amounts due to parent and fellow subsidiary undertakings | 1,030,558 | 619,036 |
| Corporation tax | 841,294 | 334,083 |
| Social security and other taxes | 36,963 | 218,542 |
| Accruals and deferred income | 74,855 | 105,598 |
| | 19,744,656 | 22,076,535 |

Amounts due to parent and fellow subsidiary undertakings is interest free and repayable on demand.

Prinwest Limited

Notes to the financial statements (continued) For the year ended 31 August 2019

13 Deferred tax asset

The deferred tax asset included in debtors is made up as follows:

| | Deferred tax asset £ |
|--|-------------------------|
| Balance at 31 August 2018 | 14,761 |
| Deferred tax charge to income statement for the year | <u>7,686</u> |
| Balance at 31 August 2019 | <u>22,447</u> |

| | 2019 £ | 2018 £ |
|--|---------------|---------------|
| Depreciation in excess of capital allowances | <u>22,447</u> | <u>14,761</u> |

During the year beginning 1 September 2019, the net reversal of deferred tax assets and liabilities is expected to impact the corporation tax charge for the year by £22,447.

14 Called up share capital

Allotted, called-up and fully paid shares

| | No. | 2019 £ | No. | 2018 £ |
|--------------------------------|-----|-----------|-----|-----------|
| 100 ordinary shares of £1 each | 100 | 100 | 100 | 100 |

The company has one class of ordinary shares which carry no right to fixed income.

The company's other reserves are as follows:

Profit and loss account

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

15 Contingent liabilities

The company has contingent liabilities of £56,050,000 (2018 - £64,600,000). This relates to a cross guarantee on bank loans with the parent company and related parties. There is an intercreditor deed in place in respect of a £67.5million senior term facility agreement between Asan Holdings Limited and its subsidiaries, which includes this company.

The utilisation by this company amounts to £nil (2018 - £nil).

Prinwest Limited

Notes to the financial statements (continued) For the year ended 31 August 2019

16 Financial commitments

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

| | Land and Buildings | |
|----------------------------|--------------------|------------------|
| | 2019 | 2018 |
| | £ | £ |
| Within one year | 351,876 | 359,076 |
| Between one and five years | 1,200,000 | 1,251,876 |
| More than five years | 900,000 | 1,200,000 |
| | <u>2,451,876</u> | <u>2,810,952</u> |

17 Control

The ultimate parent company is Asan Holdings Limited, whose registered office address is CTV House, La Pouquelaye, St Helier, Jersey, JE2 3GF. Asan Holdings Limited is also the parent company of the largest and smallest group of undertakings for which group financial statements are made up. Copies of the financial statements of the parent company are available from Lynstock House, Lynstock Way, Lostock, Bolton, BL6 4SA.

Mr A I Patel and Mr Y I Patel are the ultimate controlling parties of Asan Holdings Limited, in both the current and preceding year.

18 Related party transactions

Other related party transactions

The company has taken advantage of the disclosure exemptions available in FRS 102 Section 33 in relation to balances and transactions between other wholly-owned entities within the group headed by Asan Holdings Limited. The following companies are under the common control of A I Patel and Y I Patel:

| | |
|---|----------------------------------|
| Al Madinah Management Company Limited | Linelaunch Limited |
| Asan Holdings Limited | Lynstock Properties Limited |
| Assan Pharmacy (South West) Limited | Magali Limited |
| Assan Pharmacy Limited | Makan Investments Limited |
| Bridge Pharmacy Limited | Mantle Properties Limited |
| Brinnington Pharmacy Limited | Market Weighton Pharmacy Limited |
| Cityfocus Limited | Marsh (Bolton) Limited |
| Crown Heights Consortium (No 2) Limited | Marsh International Limited |
| Darwen (H.C.C.) Limited | Maxearn Limited |
| Denchem Limited | Medihealth (Northern) Limited |
| Douglas Skeeles Limited | Melling Pharmacy Limited |

Prinwest Limited

Notes to the financial statements (continued) For the year ended 31 August 2019

18 Related party transactions (continued)

| | |
|--|-----------------------------------|
| Eaststone Limited | Middle Chare Pharmacy Limited |
| Freshney Green Health Consortium Limited | Nash Drug Company Limited |
| Gorgemead Limited | Northwold Investments Limited |
| Group Pharmacy 1968 Limited | Old Cross Pharmacy Limited |
| GSH Mossgate Limited | Pathvalley Limited |
| Harvey & Richardson (Holdings) Limited | Pharmacy Express Limited |
| Harvey & Richardson Limited | Quadrant Pharmaceuticals Limited |
| HN Espley & Sons Limited | R.Hindhaugh (Chemists) Limited |
| Hunt & Marsden (Bolton) Limited | Ratebrook Limited |
| James Helgason Limited | Richardson Pharmacy Limited |
| Jarvis Spencer Jewellery Limited | Rocket Properties Limited |
| JN Murray Holdings Limited | S&D Ross Limited |
| JN Murray Limited | Swingward Limited |
| Kamal & Associates Limited | Walkboost Limited |
| Kidderminster Health Consortium Limited | Westfrost Limited |
| Lilford Plant Ltd | Yorkshire Street Pharmacy Limited |

During the year, the company purchased goods totalling £7,827,524 (2018: £7,253,781), and sold goods totalling £73,887,164 (2018: £71,323,906) from/ to Gorgemead Limited, a company under common control. At the end of the year the balance outstanding to Gorgemead Limited was £1,030,030 (2018: £613,136), included in within creditors: amounts falling due within one year. At the end of the year the balance due from Gorgemead Limited was £14,109,791 (2018: £6,631,718), included in within debtors: amounts falling due within one year.

During the year, the company purchased goods totalling £11,721 (2018: £nil), and sold goods totalling £19,003,597 (2018: £14,857,580) from/ to Medihealth Northern Limited, a related party. At the end of the year the balance outstanding to Medihealth Northern Limited was £805,432 (2018: £97,424), included in within creditors: amounts falling due within one year. At the end of the year the balance due from Medihealth Northern Limited was £nil (2018: £nil), included in within debtors: amounts falling due within one year.

During the year, the company purchased goods totalling £17,922 (2018: £23,569), and sold goods totalling £nil (2018: £nil) from/ to Mantle Property Services Limited, a related party. At the end of the year the balance outstanding to Mantle Property Services Limited was £528 (2018: £10,162), included in within creditors: amounts falling due within one year. At the end of the year the balance due from Mantle Property Services Limited was £52 (2018: £nil), included in within debtors: amounts falling due within one year.

During the year, the company purchased goods totalling £nil (2018: £nil), and sold goods totalling £2,350 (2018: £nil) from/ to Makan Investments Limited, a related party. At the end of the year the balance outstanding to Makan Investments Limited was £nil (2018: £nil), included in within creditors: amounts falling due within one year. At the end of the year the balance due from Makan Investments Limited was £nil (2018: £nil), included in within debtors: amounts falling due within one year.

Prinwest Limited

Notes to the financial statements (continued) For the year ended 31 August 2019

18 Related party transactions (continued)

During the year, the company purchased goods totalling £nil (2018: £nil), and sold goods totalling £9,450 (2018: £14,495) from/ to Eaststone Limited, a related party. At the end of the year the balance outstanding to Eaststone Limited was £nil (2018: £nil), included in within creditors: amounts falling due within one year. At the end of the year the balance due from Eaststone Limited was £1,914 (2018: £1,182), included in within debtors: amounts falling due within one year.

During the year, the company purchased goods totalling £nil (2018: £nil), and sold goods totalling £3,000 (2018: £nil) from/ to Magali Limited, a related party. At the end of the year the balance outstanding to Magali Limited was £nil (2018: £nil), included in within creditors: amounts falling due within one year. At the end of the year the balance due from Magali Limited was £nil (2018: £nil), included in within debtors: amounts falling due within one year.