

Pharmaxo Pharmacy Services Limited

Annual report and financial statements

Year ended 30 April 2020

Registered number: 06982573



Pharmaxo Pharmacy Services Limited

Contents	Page no.
Company information	2
Strategic report	3
Directors' report	12
Independent auditors' report	15
Statement of comprehensive income	18
Balance sheet	19
Statement of changes in equity	20
Notes to the financial statements	21

Pharmaxo Pharmacy Services Limited

Company information

Directors:

A Davis
C Fountain
C Watt

Registered office:

1 Corsham Science Park
Park Lane
Corsham
Wiltshire
SN13 9FU

Registered number:

06982573

Independent auditors:

PricewaterhouseCoopers LLP
One Kingsway
Cardiff
CF10 3PW

Pharmaxo Pharmacy Services Limited

Strategic report for the year ended 30 April 2020

The directors present their Strategic Report of the company for the year ended 30 April 2020.

Principal activities

The company's principal activity during the year was the supply of pharmaceutical products and services.

Business review and future developments

In the year under review sales of £67,721,600 (2019: £43,846,095) were delivered, an increase of 54%. The reported sales increase was due to an increase in homecare sales, which was partially offset by reduced sales for outsourced pharmacy services subcontracted under the Circle management contract to the Nottingham Treatment Centre. Services ceased at the end of October 2019 after Circle had lost its re-tender for the management of the hospital. A gross profit of £2,509,827 (2019: £1,682,805) is reported, with gross margin at 3.7% (2019: 3.8%).

Administration costs rose to £1,916,489 (2019: 1,527,462) as the directors continued to invest in the infrastructure required to deliver the growth targeted from new markets, products and services. In August 2019 the company moved into new purpose-built premises with a bespoke dispensing unit. These premises are leased from a related party. The profit before taxation is £405,774 (2019: £87,538).

The directors anticipate that in the coming year the company will continue to increase volumes in its core services across homecare services and outsourced pharmacy services with a particular emphasis on complex therapies.

The company recognises that its staff are a major asset, essential to maintaining its services and delivering its anticipated growth. The company is a committed investor in training and skills and all permanent members of staff over the age of 18 (excluding student placements and apprentices) are paid more than the Real Living Wage. In this way the company hopes to attract and retain young workers, as well as ensuring that all staff can earn a wage which is enough to live on.

Financial and non-financial key performance indicators

The directors monitor performance based on turnover and profitability, both of which are shown in the primary financial statements. The directors are of the opinion that further analysis using KPIs is not necessary for an understanding of the development, performance or financial position of the business.

Principal risks and uncertainties

The directors have considered the principal risks and uncertainties faced by the company and these are outlined in the Directors' Report on pages 12 to 13.

Corporate Governance

The Board's Statement on s172(1)

The Board of Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by consideration of all duties under the Companies Act 2006, including having regard to all of the matters under s172 (1) a) to f).

Through an open and transparent dialogue with our key stakeholders, we have been able to develop a clear understanding of their needs, assess their perspectives, and monitor their impact on our strategic ambition and culture.

Pharmaxo Pharmacy Services Limited

Strategic report for the year ended 30 April 2020 continued

The Company Board Directors are also directors of the QPHL Group Operating Board (Group Board) and its Executive Committee. As part of the Company Board's decision-making process, it, together with the Group Board and its Executive Committee, considers the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors. These include the impact of the Company's operations on the community and environment, and the likely consequences of decisions in the long term.

Detailed below we have set out our key stakeholder groups, how we engaged with them throughout the year, and how we measured the effectiveness of the engagement, together with illustrations of how these considerations have been applied by the Board.

We view our stakeholders in six key groups:

Customers	Employees	Shareholders
Regulators	Key suppliers	Community and Environment

We continually strive to make a positive contribution to our community and the environment, so we have also used this section to detail where we believe we have made a positive impact in these areas.

Customers
Who are our customers?
<p>Our customers are NHS and private hospitals across the UK.</p> <p>We provide thousands of prescription medicines each week, including ready to administer injectable pharmaceutical products and services, enabling us to treat thousands of patients.</p>
How we engage
<p>Our services are supported by a core team of Key Account Managers (KAMs), covering all areas of the United Kingdom. Our KAMs play an important role in ensuring our customers have a dedicated point of contact to support the services we provide. The KAMs provide our customers with the opportunity to channel both feedback on our services, and information on the issues relevant to their businesses and service delivery.</p> <p>Directors and senior managers engage with key regional and national NHS influencers in both technical and commercial contexts to ascertain important insights into NHS strategy.</p> <p>We regularly measure our customer's perceptions of our services through survey work carried out by an independent market research agency.</p>
How we measure
<p>* Intelligence gathered by KAMs is recorded in our CRM database, shared within that team, with feedback on customer sentiment communicated throughout the business.</p> <p>Customer satisfaction surveys participation is monitored.</p>

Pharmaxo Pharmacy Services Limited

Strategic report for the year ended 30 April 2020 continued

Employees

Who are our employees?

Our employees are mostly drawn from our local population around our base in the West Country.

Our customer facing and nursing teams are distributed across the country in close proximity to the hospitals and patients they support.

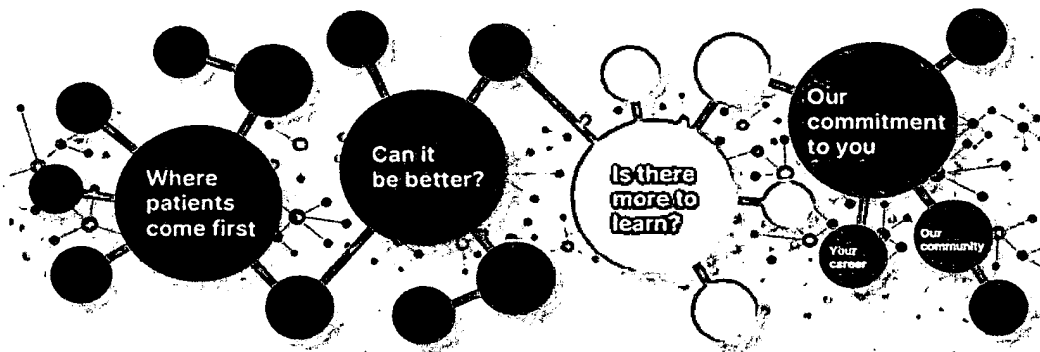
Like many pharmaceutical and biotech companies, we employ staff from across the skills spectrum covering process operatives, administration, nurses, pharmacists and management knowledge and skills.

How we engage

In FY20, we undertook a programme of work to strengthen employee engagement through defining and embedding a set of new Group Values. Everything we do acknowledges that employee engagement is critical to the future success of the Group, and so our approach in FY20 was two-pronged:

- to inspire and motivate our staff around our core purpose, to put patients first; and
- to make a commitment to our employees around their career progression, personal development and their contributions.

The model below shows this value system pictorially.



Our Value "Where patients come first", puts our working day into context. The work that every employee does contributes to patient care in some way, and placing focus on this amplifies the effect of what is innately inspiring. On a monthly basis, we engage all staff in this by asking them to nominate colleagues who have gone the extra mile to put patients first. Examples of this include: undertaking additional hours to make an out of hours, and sometimes to another country, delivery to a patient; delivering an overhaul of IT arrangements that became necessary to support home working when COVID-19 impacted our communities. Successful employees are awarded the "Patient Hero" award for the month – which comes with numerous rewards and recognition.

Our Value "Can it be better?" engages our employees to propose opportunities for innovation and improvement. Utilising MS Teams, we are developing a process to enable our employees to directly communicate their ideas to each other and senior management - in a manner that is quick, simple, and provides full visibility to all staff. Using this process, our employees will always receive feedback on their suggestions from senior leaders, and through our wider Teams channel promoting this Value, employees will be able to keep tabs on their ideas as they are explored and developed by the Group.

Through our Value "Is there more to learn?" we challenge our employees to learn continually. To ensure that this value is truly embedded in the way we do things, in FY20 we updated our appraisal process into a more rounded

Pharmaxo Pharmacy Services Limited

Strategic report for the year ended 30 April 2020 continued

	How we engage continued
	<p>"Performance Development Review". As part of this evolution, all employees, no matter what their role or level within the Group, are asked to agree a current learning objective with their line manager.</p> <p>We engage employees in the "Our commitment to you" Value through the previously mentioned commitment to support and where relevant fund learning objectives. This year we began the establishment of documented career pathways which is due to be completed in the coming year.</p> <p>Our Board members have collective responsibility for engagement with the workforce and meet with colleagues throughout the year. Our marketing team helps to structure this through events to promote our Values, and this is supplemented by a large amount of informal time spent by our Board members working side by side with our employees.</p> <p>The Group relaunched its whistleblowing policy and process in FY20, providing an alternative route for concerned employees to raise concerns.</p>
	How we measure
	<p>We operate a highly specialised longitudinal engagement study surveying a representative sample of our employees each quarter. Findings include:</p> <ul style="list-style-type: none"> • We can see a high degree of engagement with our patient care value showing net positive engagement at circa 80%. • We have room for improvement with up to 30% wanting to see more emphasis on the company contribution to career development. <p>This survey work is carried out by an independent market research partner.</p>

	Shareholders
	Who are our shareholders?
	Our shareholders play an important role in monitoring the performance of the Company.
	How we engage
	<p>All three of our individual shareholders have a seat on the Board for the Group and are therefore fully involved in the entrepreneurial leadership of the Group.</p> <p>As Board members, our shareholders are active participants in setting out the strategic aims for the Group, approving dividend payments, and determining the composition. Similarly, through their seats on the Board, the shareholders have regular exposure to the risk register, and have an opportunity to directly hold the Executive Committee to account.</p>
	How we measure
	Given the active involvement of all shareholders in the Board we see no need to measure this.

Pharmaxo Pharmacy Services Limited

Strategic report for the year ended 30 April 2020 continued

Regulators	
	Who are our Regulators?
	We have an open and transparent dialogue with the regulatory and industry bodies that we work with. Building public trust and raising standards.
	How we engage
	<p>We maintain strong relationships with regulators, particularly NHS England Improvement, the Department of Health and Social Care, the MHRA and CQC. Our Managing Directors are key to maintaining these relationships, supplemented by input from other Board members and senior managers. Our Head of Quality works very closely with the MHRA and maintains a regular dialogue.</p> <p>One of our directors also acts as the chair of the National Clinical Homecare Association (NCHA).</p> <p>Both our Executive Committee and Board frequently consider whether we ought to petition our regulators on matters relevant to our business operations and the impact of matters put to consultation. This type of matter is given high priority on the agenda.</p>
	How we measure
	In FY20, Board members dedicated much time to responding to the <i>Call for evidence: pharmacy aseptic services review – England</i> , which was carried out under the remit of NHS Improvement.

Key Suppliers	
	Who are our key suppliers?
	<p>We have established long-term partnerships that complement our in-house expertise and have used a large number of suppliers for over a decade.</p> <p>Our Board fosters strong supplier relationships, ensuring they are treated fairly and ethically.</p>
	How we engage
	<p>We have an open, constructive and effective relationship with all suppliers through regular meetings, which provide both parties with the ability to feedback on successes, challenges and the future roadmap.</p> <p>Any issues that arise are tracked and monitored.</p> <p>Our suppliers are aware of who to contact to allow them to raise any whistleblowing concerns that might arise.</p>

Pharmaxo Pharmacy Services Limited

Strategic report for the year ended 30 April 2020 continued.

Community and the Environment	
	<p>Who is our community?</p> <p>We are committed to making a positive contribution to the communities within which we operate, including through payment of taxes, reducing our environmental impact, sharing our expertise and creating employment opportunities.</p>
	<p>How we engage</p> <p>In FY20, we have embraced the use of high-quality, person-to-person video conferencing across the Group. Whilst the initial drive to implement this was brought to the fore by the impact of COVID-19, it is a measure that has been well received, and strategically adopted on a long-term basis. This has helped us to reduce travel costs, and the associated environmental impact.</p> <p>In FY20, we continued to support Dorothy House hospice, a charity that provides care and support for people in Wiltshire and Bath & North East Somerset with a life-limiting illness. We participated in numerous fund-raising events throughout the year, including a post-Christmas event to collect old Christmas trees from local people, and all the proceeds from our coffee machines are donated to this fantastic cause.</p> <p>In FY20, we continued to support clinical trials, and plan to grow this part of our offering in 2020 to ensure that even more people in our community have a chance of being supported by medicines that could extend or improve their quality of life.</p> <p>We regularly post health and wellbeing content on our social media platforms, including advice on mental health. This content has a high level of engagement. In response to the measures to protect the population from COVID-19, we published helpful content on practical measures to minimise becoming infected or spreading the infection. Our social distancing video saw a reach of 103k.</p> <p>In the year we have continued to share our stability research expertise and have produced instructional videos to support staff preparing medicines for use in the COVID-19 Nightingale Hospitals around the UK.</p> <p>Our purpose-built manufacturing facility and offices were designed for energy-efficiency, and the energy that we used in 2019 was offset by Carbonfund.org to ensure we, once again, achieved a zero-carbon footprint associated with our activities.</p> <p>Previously, all our company cars were hybrid cars, but we have now begun the process of converting the fleet to full electric cars. Our site has electrical charging points for all units.</p>
	<p>How we measure</p> <p>Overall, the Company's Economic Value Added or EVA in FY20 was £256,059¹.</p> <p>Each year we try to beat our target for funds raised for Dorothy House. In FY20 the Group raised £5,698.</p> <p>We monitor the carbon emissions of our business activities through impact assessment tools. We achieve a zero-carbon footprint by offsetting our emissions.</p>

¹ EVA=NOPAT-Capital employed x WACC

Pharmaxo Pharmacy Services Limited

Strategic report for the year ended 30 April 2020 continued

Stakeholder Engagement

The Board seeks to make decisions to promote the success of the Company for the benefit of its members and wider stakeholders. The following disclosure is made in line with the Companies (Miscellaneous Reporting) Regulations 2018 which requires Companies to report on stakeholder engagement.

The Board remains committed to maintaining open channels of communication with its shareholders and further strengthening its dialogue with employees and wider stakeholders. The Board recognises that engagement is fundamental to the success of the companies within the QHL Group and considers the views of key stakeholders in its decision-making, recognising that they are central to the long-term prospects of the Company.

In relation to all of the above, we have restructured our Board papers, so that there are express mandatory sections to be completed for each of the stakeholder categories. This prompts the Board to consider the impact of the proposal on those as a matter of course. This has been in place since the start of FY20.

Customers

Customer insights from a number of channels are shared and discussed at Board meetings, as are details on customer behaviours, market trends and competitor activities.

KPIs reported to the Board include: "right first time" (% of orders that the business delivers correctly first time), "on time in full" (% of orders that the business delivers on time and in full), and complaints data.

Customer Satisfaction survey results are presented to the Board.

Employees

The Board recognises that the Group's culture and Values underpin the effective delivery of its strategy. Management regularly engage with employees across the organisation in relation to this, in the form of MS Teams channels dedicated to our Values, vlogs, regular articles in our quarterly newsletter, and town hall style events.

Trends and feedback received from our *Staff Values Survey* were analysed with the support of a specialist market research company. The results were discussed in detail by both the Executive Committee and the Board. The Executive Committee members took responsibility for responding to the survey outcome, and all subsequent decisions of the Group have taken into account the staff feedback.

A formal whistleblowing policy and procedure is in place to allow employees to confidentially raise any concerns or issues they have. These are reported to the relevant Board members.

Shareholders

The Board's engagement with the shareholders is detailed in the Board's Statement on s172(1) section on page 6 of the Strategic Report.

Pharmaxo Pharmacy Services Limited

Strategic report for the year ended 30 April 2020 continued

Regulators

The Board receives regular updates from the Company Secretary & Legal Counsel on governance, legal, regulatory and compliance matters. This is supplemented by updates from the respective Managing Directors, who are briefed by their subject matter experts in relation to quality and pharmacy.

The Board has a rolling strategic agenda, which examines the external environment for each business in detail at least once a year. During this session, the Board is briefed in detail on any regulatory changes that might influence the long-term strategy for the respective businesses.

Both our Executive Committee and Board frequently consider whether we ought to petition our regulators on matters relevant to our business operations and the impact of matters put to consultation. This type of matter is given a high priority on the agenda.

In FY20, Board members dedicated much time to responding to the *Call for evidence: pharmacy aseptic services review – England*, which was carried out under the remit of NHS Improvement.

Suppliers

The Board monitors the relationship and engagement approach with the Group's third-party suppliers through reports received from its Chief Financial Officer. Through this route, the Board ensures that the suppliers help support us in the delivery of our customer offering and overall strategy.

Our Payment Practices and Performance reporting is shared with the Board, as well as being published on the web-based service provided by the Government. Key supplier contracts are discussed by the Board as appropriate.

Community and Environment

Updates are provided to the Board through the Programme team as applicable, so that the longer-term prospects of the Group can be considered in its decision-making.

The Board receives updates on KPIs relating to our economic contribution, as well as our positive contributions to the community. Our environmental impact is measured in the Streamlined Energy and Carbon Reporting (SECR), detailed below.

The Group's energy usage in relation to electricity, gas and transport and related CO₂ emissions is set out in the table below. This includes the kWh usage figures for electricity and gas energy used by the Group through its occupation of rented buildings, as well as directly collated information on energy use relating to our transport.

The energy consumption used to calculate emissions in calendar year 2019 was: 69,275 kWh electricity, 335,518 miles of fuel for business use in company vehicles and 2,808 miles of rail travel. The related CO₂ emissions are given below.

CO ₂ e from combustion of fuel for transport purposes	63,886 CO ₂ kg
CO ₂ e from purchased electricity	24,355 CO ₂ kg
Total gross CO ₂ e:	<u>88,241 CO₂ kg</u>

Intensity ratio: (tCO ₂ e / £100,000 revenue)	0.13
--	------

Pharmaxo Pharmacy Services Limited

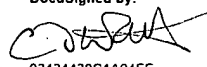
Strategic report for the year ended 30 April 2020 continued

Community and Environment continued

The Group has undertaken the following principle measures for the purpose of increasing its energy efficiency:

- The Group has a sustainable approach in relation to its lease vehicles. The Group only leases low or ultra-low carbon vehicles.
- The Group has a sustainable approach in relation to its canteens – No single-use plastic (straws, cutlery, other) are purchased for use by staff in Group canteens.
- The Group has evolved its approach to the conduct of meetings. The Group now embraces a virtual approach to meetings. To facilitate this, in early 2020, all relevant staff members were provided with access to MS Teams, and the necessary IT hardware. This means that all relevant staff members are able to undertake meetings virtually via their computers, which has reduced travel. This is being led from the top with virtual meetings now being conducted by the Board and Executive team on a regular basis also.
- The Group is evolving its approach to the delivery of training. Utilising the advantages of the technology described in the bullet point above, the Group has begun a review of the way in which its internal training is delivered. Where training can be delivered online, this approach is being made the "norm". As above, evolving these processes has started to reduce staff travel further.
- The Group is reviewing its approach for delivery of clinical consultations. In early 2020, the Group's Executive team noted that almost all relevant staff in the NHS had been provided with licences for MS Teams, and were embracing online clinical consultations in light of the COVID-19 outbreak. The Group is considering ways in which it can deliver its services in a virtual manner, to complement and align with those delivered by the NHS. Not only will adopting this approach reduce staff travel, it could also reduce patient travel – having a dual benefit to the environment.

On behalf of the Board:

DocuSigned by:

03434430C1A94FE...

C Watt.
Director

11 January 2021

Pharmaxo Pharmacy Services Limited

Directors' report for the year ended 30 April 2020

The directors present their report and the audited financial statements of the company for the year ended 30 April 2020.

Risk Management

The company's operations expose it to a variety of risks including financial, compliance and regulatory, Brexit and Covid-19 risks. The board has responsibility for monitoring risk management.

Financial risks

Financial risks include: the effects of changes in market prices, credit risk, liquidity risk and interest rate risk. The policies set by the board of directors are implemented by the company's finance department.

Price risk

The company is exposed to commodity price risk as a result of its operations. Prices are set by the pharma suppliers and are specified in their contracts with the NHS. These prices are subject to change; under the terms of our sales agreements, the company adjusts selling prices for commodity price movements so that purchase and selling prices remain aligned.

The company has no exposure to equity securities price risk as it holds no equity investments.

Credit risk

The company has implemented policies that require appropriate credit checks to be made on potential private sector customers before sales are made and controls over debtor levels.

Liquidity risk

The company actively maintains a mixture of cash balances and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk

The company has both interest-bearing assets and interest-bearing liabilities. Interest-bearing assets include only cash balances earning variable rate interest. The directors consider that the company has adequate cash resources to manage the risk of adverse interest rate movements on short-term working capital finance.

The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Compliance and regulatory risk

The business operates under the Medicines and Healthcare products Regulatory Agency Wholesale Dealers Authorisation (Human) number 39799, and GPhC licence numbers 1091653 and 1097293 and Care Quality Commission 4655239421. Compliance with the regulations governing these authorisations is mandatory and inspections are conducted in accordance with the Regulator's timetable. The directors operate a program of self-inspection to ensure compliance is maintained.

Brexit risk

There is continuing uncertainty around the impact of the end of the transition period for the UK's exit from the European Union on 31 December 2020. Longer lead times and increased paperwork caused by potential customs bottlenecks could affect service levels, required stockholding levels and margins. The Department of Health continues to develop UK-wide contingency plans with pharmaceutical companies to address the risk of potential disruptions to the supply of drugs and has issued strong guidance that stockpiling by UK healthcare providers is unnecessary. Some diluents, devices and consumables are, however, not covered by these plans; therefore, the directors set up a working group that has developed and implemented solutions for those items that are considered vulnerable to disruption in supply.

Pharmaxo Pharmacy Services Limited

Directors' report for the year ended 30 April 2020 continued

Covid-19 Pandemic risk

The company is a specialist pharmacy and clinical homecare service provider, with sales heavily focussed on the provision of clinical homecare services to patients in their home. The impact of the NHS' preparations for the first wave of the Covid-19 pandemic between March and May 2020 and the new operating procedures designed to mitigate the risk of spreading the virus inside the hospitals is restricting the NHS' ability to treat patients in hospitals. As a result, the demand for clinical homecare services has increased since March 2020. The directors have set up a working group, which meets daily to develop and implement mitigations of the health risks to our staff and, by implication, to our capability to continue to provide medicines to hospitals as well as clinical homecare services to patients.

Future developments

Future developments are discussed in the Strategic Report on page 3.

Qualifying third party indemnity provisions

A qualifying third-party indemnity provision as defined in section 234 of the Companies Act 2006 was in force during the financial year and also at the date of approval of the financial statements for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law.

Results and dividends

The company's profit for the financial year is £301,659 (2019: £72,029). No final dividends were paid in respect of the previous financial year (2019: £170,000). No interim dividends were paid in the year (2019: nil) in respect of the year ended 30 April 2020.

Directors

The directors who held office during the period from 1 May 2019 to the date of this report are given below:

- A Davis
- C Fountain
- C Watt

Charitable donations

The company made charitable donations to the hospice charity Dorothy House in the year under review totalling £15 (2019: nil).

Engagement with suppliers, customers and others

The company's engagement with suppliers, customers and others is detailed in the Strategic Report.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted

Pharmaxo Pharmacy Services Limited

Directors' report for the year ended 30 April 2020 continued

Statement of directors' responsibilities in respect of the financial statements continued

Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

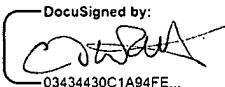
The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board:

DocuSigned by:

03434430C1A94FE...

C Watt
Director

11 January 2021

Pharmaxo Pharmacy Services Limited

Independent auditors' report to the members of Pharmaxo Pharmacy Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Pharmaxo Pharmacy Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 30 April 2020; the Statement of comprehensive income, and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material

Pharmaxo Pharmacy Services Limited

Independent auditors' report to the members of Pharmaxo Pharmacy Services Limited continued

Reporting on other information continued

inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

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 year ended 30 April 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on pages 13-14, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Pharmaxo Pharmacy Services Limited

Independent auditors' report to the members of Pharmaxo Pharmacy Services Limited continued

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Jason Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
11 January 2021

Pharmaxo Pharmacy Services Limited

Statement of comprehensive income for the year ended 30 April 2020

		2020 £	2019 £
Continuing operations	Note		
Turnover	4	67,721,600	43,846,095
Cost of sales		(65,211,773)	(42,163,290)
Gross profit		2,509,827	1,682,805
Administrative expenses		(1,916,489)	(1,527,461)
Operating profit	5	593,338	155,344
Interest payable and similar expenses	8	(187,564)	(67,806)
Profit before taxation		405,774	87,538
Tax on profit	9	(104,115)	(15,509)
Profit for the financial year		301,659	72,029
Total comprehensive income for the year		301,659	72,029

Pharmaxo Pharmacy Services Limited

Balance sheet as at 30 April 2020

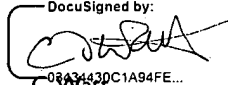
		2020		*Restated 2019	
	Note	£	£	£	£
Fixed assets					
Intangible assets	10		-		-
Tangible assets	11		<u>1,062,198</u>		<u>538,834</u>
			<u>1,062,198</u>		<u>538,834</u>
Current assets					
Stocks	12	3,311,659		2,041,927	
Debtors	13	16,838,796		13,403,913	
Deferred tax asset	14	-		8,072	
Cash at bank and in hand		<u>1,512,029</u>		<u>248,867</u>	
		<u>21,662,484</u>		<u>15,702,779</u>	
Creditors: amounts falling due within one year	15	<u>20,447,322</u>		<u>14,374,616</u>	
Net current assets			<u>1,215,162</u>		<u>1,328,163</u>
Total assets less current liabilities			<u>2,277,360</u>		<u>1,866,997</u>
Provisions for liabilities					
Deferred taxation	14		<u>108,704</u>		<u>-</u>
Net assets			<u>2,168,656</u>		<u>1,866,997</u>
Capital and reserves					
Called up share capital	17		<u>1</u>		<u>1</u>
Profit and loss account			<u>2,168,655</u>		<u>1,866,996</u>
Total shareholders' funds			<u>2,168,656</u>		<u>1,866,997</u>

*The 2019 balance for Stocks and Debtors has been restated and further information can be found in Note 22.

The notes on pages 21 to 31 are an integral part of these financial statements.

These financial statements as set out on pages 18 to 31 were approved by the board of directors on 11 January 2021 and were signed on its behalf by:

DocuSigned by:


C. Watt

Director

Pharmaxo Pharmacy Services Limited

Statement of changes in equity for the year ended 30 April 2020

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
For the year ended 30 April 2020			
At 1 May 2019	1	1,866,996	1,866,997
Comprehensive income for the year			
Profit for the financial year	-	301,659	301,659
Total comprehensive income for the year	-	301,659	301,659
Dividends	-	-	-
Total transactions with owners	-	-	-
At 30 April 2020	1	2,168,655	2,168,656
For the year ended 30 April 2019			
At 1 May 2018	1	1,964,967	1,964,968
Comprehensive income for the year			
Profit for the financial year	-	72,029	72,029
Total comprehensive income for the year	-	72,029	72,029
Dividends	-	(170,000)	(170,000)
Total transactions with owners	-	(170,000)	(170,000)
At 30 April 2019	1	1,866,996	1,866,997

Pharmaxo Pharmacy Services Limited

Notes to the financial statements for the year ended 30 April 2020

1 General information

Pharmaxo Pharmacy Services Limited now operates from one site in the United Kingdom as the Nottingham site closed in October. The company is a private company limited by shares and is incorporated in England. Its registered office address is: 1 Corsham Science Park, Park Lane, Corsham, Wilts, SN13 9FU.

2 Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and the Companies Act 2006.

3 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements for all years presented, unless otherwise specified.

3.1 Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets. The principal accounting policies are set out below.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The useful lives of property, plant & equipment is a critical accounting estimate. The useful economic lives of the company's classes of tangible assets are reviewed regularly and compared with the average useful lives estimated by the company, to ensure depreciation charged matches closely to the benefits obtained over the asset life.

3.2 Going concern

The company meets its day to day working capital requirements through its bank facilities. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that it should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

3.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

a) From preparing a statement of cash flows, on the basis that it is a qualifying entity and that its cash flows are included in the consolidated statement of cash flows in the financial statements of Qualasept Holdings Limited, which are publicly available.

b) From disclosing the company's key management personnel compensation, as required by FRS 102 para 33.7.

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

Pharmaxo Pharmacy Services Limited

Notes to the financial statements for the year ended 30 April 2020 continued

3.4 Revenue recognition

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities excluding value added tax and is recognised when the risks and rewards of ownership are substantially passed to the customer.

3.5 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Computer software is amortised over its estimated useful life of three years on a straight line basis.

A residual value of zero is assumed for computer software unless there is a commitment by a third party to purchase the asset or there is an active market for the asset and the residual value can be determined by reference to the market and the market will exist at the end of the asset's useful life.

3.6 Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged to allocate the cost of assets less their residual values over their estimated useful lives. The following annual rates have been used:

Leasehold property improvements:	written off over the residual term of the lease
Plant and equipment (excluding computers):	25% straight line
Plant and equipment (computers):	33% straight line

3.7 Employee benefits

The company provides a range of benefits to employees, including bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

The company operates a quarterly bonus plan for its employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

3.8 Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations. Contributions are recognised in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet.

The assets of the plan are held separately from the company in independently administered funds.

3.9 Stocks

Stocks are stated at the lower of cost and net realisable value being the estimated selling value less costs to sell. Cost is based on the cost of purchase on a first in, first out, basis. At each balance sheet date stocks are assessed for impairment. If stock is impaired, the carrying value is reduced to its selling price less costs to sell. The impairment loss is recognised immediately in the profit and loss account.

3.10 Financial instruments

The company holds only basic financial instruments under Section 11 of FRS 102.

Pharmaxo Pharmacy Services Limited

Notes to the financial statements for the year ended 30 April 2020 continued

3.10 Financial instruments continued

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are recognised at transaction price unless the arrangement constitutes a financing transaction. Where the transaction is measured at the present value of the future receipts discounted at a market rate of interest, such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Financial assets are derecognised when (i) the contractual rights to the cash flow from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (iii) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restriction

Financial liabilities

Basic financial liabilities, including trade and other payables, overdrafts and bank loans are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case the fee is deferred until draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables 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 payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, i.e. when the contractual obligation is discharged, is cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank with a maturity of three months or less and bank overdrafts. Bank overdrafts and the balance on the invoice discounting facility are shown within borrowings in current liabilities.

Pharmaxo Pharmacy Services Limited

Notes to the financial statements for the year ended 30 April 2020 continued

3.12 Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3.13 Provisions and contingencies

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the company becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made they are utilised against the provision carried in the balance sheet.

Contingent liabilities are not recognised except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

3.14 Taxation

The tax expense for the year comprises current and deferred tax.

Current tax

Current tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

3.15 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the assets may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

Pharmaxo Pharmacy Services Limited

Notes to the financial statements for the year ended 30 April 2020 continued

3.15 Impairment of non-financial assets continued

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in earlier periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

3.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.17 Distributions to equity holders

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

3.18 Related party transactions

The company disclosed transactions with related parties which are not wholly owned within the Qualasept Pharmaxo group of companies. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the company's financial statements.

3.19 Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

3.20 Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4 Turnover

Turnover and expenses before tax arose in the United Kingdom and are attributable to the principal activity of the company.

Pharmaxo Pharmacy Services Limited

Notes to the financial statements for the year ended 30 April 2020 continued

	2020 £	2019 £
5 Operating (loss)/profit		
Operating (loss)/profit is stated after charging:		
Wages and salaries	2,000,720	1,404,858
Social security costs	160,868	129,521
Other pension costs	186,146	102,942
Staff costs	2,347,734	1,637,321
 Depreciation of tangible fixed assets (owned)	 200,665	 152,428
 Services provided by the company's auditors		
- fees payable for the audit	10,000	10,000

	2020 £	2019 £
6 Directors' emoluments		
Aggregate emoluments	246,706	211,534
Retirement benefits: contributions to money purchase pension scheme	27,927	10,195
Sums paid to third parties for directors' services	-	-
Management recharge paid to parent company for directors' services	27,225	39,713
	301,858	261,442

Retirement benefits are accruing to 3 (2019: 3) directors under a defined contribution scheme. The highest paid director received remuneration of £178,574 (2019: £197,545). The value of pension contributions in respect of the highest paid director was £17,595 (2019: £7,770).

7 Employee information	2020 Number	2019 Number
The average monthly number of persons employed by the company during the year, classified by activity, was:		
Dispensing & Patient Services	38	31
Nursing	17	7
Selling	2	2
Administration	11	11
	68	51

The 11 members of the Patient Services team have been reclassified under Dispensing & Patient Services to reflect their key role in the supply of drugs and ancillaries to Homecare patients. As such, salary-related costs totalling £180,689 have also been reclassified under cost of sales, whereas previously in financial year 2019 they had been classified under administrative expenses.

Pharmaxo Pharmacy Services Limited

Notes to the financial statements for the year ended 30 April 2020 continued

	2020	2019
	£	£
8 Interest payable and similar expenses		
Bank charges	71,893	43,933
Interest payable on loan from parent company	115,671	23,873
	187,564	67,806
9 Tax on profit		
Current tax:		
UK corporation tax on profit of the year	-	12,661
Adjustments for prior periods	(12,661)	(382)
Total current tax	(12,261)	12,279
Deferred tax:		
Origination and reversal of timing differences	105,247	3,553
Adjustment for prior periods	11,165	(323)
Effect of tax rate change on opening balance	364	-
Total deferred tax credit	116,776	3,230
Tax on profit	104,115	15,509

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

Profit before taxation	405,774	87,538
Tax on profit at the standard UK tax rate of 19.00% (2019: 19.00%)	77,097	16,632
Expenses not deductible	3,043	-
Group relief surrendered/(claimed)	25,107	-
Adjustment in respect of previous periods - effects of group relief / other relief	(12,661)	(382)
Adjustment in respect of previous periods - deferred tax	11,165	(323)
Tax rate changes	364	(418)
	104,115	15,509
Income tax expense reported in the income statement	104,115	15,509

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These included reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. The latter reduction was, however, changed in the Finance Bill 2020. Deferred tax has been recognised across the group at a rate of 19%, being the corporation tax rate substantively enacted at the balance sheet date.

Pharmaxo Pharmacy Services Limited

Notes to the financial statements for the year ended 30 April 2020 continued

	Intangible Assets £	Total £
10 Intangible assets		
Cost or valuation		
At 1 May 2019	27,835	27,835
At 30 April 2020	27,835	27,835
Accumulated amortisation		
At 1 May 2019	27,835	27,835
At 30 April 2020	27,835	27,835
Net Book Value		
At 30 April 2020	-	-
At 30 April 2019	-	-

	Assets under construction £	Leasehold improvements £	Plant & equipment £	Total £
11 Tangible assets				
Cost or valuation				
At 1 May 2019	286,319	-	800,985	1,087,304
Additions	-	472,622	347,318	819,940
Transfers	(286,319)	286,319	-	-
Disposals	-	-	(481,944)	(481,944)
At 30 April 2020	-	758,941	666,359	1,425,300
Accumulated depreciation				
At 1 May 2019	-	-	548,470	548,470
Charge for the year	-	37,495	163,170	200,665
Disposals	-	-	(386,033)	(386,033)
At 30 April 2020	-	37,495	325,607	363,102
Net Book Value				
At 30 April 2020	-	721,446	340,752	1,062,198
At 30 April 2019	286,319	-	252,515	538,834

Pharmaxo Pharmacy Services Limited

Notes to the financial statements for the year ended 30 April 2020 continued

	2020	*Restated 2019
	£	£
12 Stocks		
Raw materials and consumables	3,311,659	2,041,927

The carrying amount of stocks is stated after adjusting the original purchase price of drugs that fall under the Patient Access Scheme by £552,545 (2019: nil), to reflect the net realisable value of these drugs on sales to the NHS. This difference will be offset in the 2021 statement of comprehensive income when rebates are claimed from our pharma suppliers based on doses sold to NHS hospitals. Stocks are stated after impairment provisions of £20,000 (2019: £10,000). The value of stocks recognised as an expense during the year was £63,234,921 (2019: £41,001,552).

*The 2019 balance for Stocks has been restated and further information can be found in Note 22.

	2020	*Restated 2019
	£	£
13 Debtors		
Trade debtors	7,943,246	6,895,127
Corporation tax debtor	125,992	12,433
Taxation and social security	1,186,645	1,553,683
Prepayments and accrued income	7,582,912	4,942,671
	16,838,795	13,403,913

*The 2019 balance for Debtors has been restated and further information can be found in Note 22.

	2020	2019
	£	£
14 Deferred tax (asset)/liability		
Deferred tax (assets)/liabilities		
Provision at start of year	(8,072)	(11,302)
Deferred tax (credit)/charge to income statement for the year (see note 9)	116,776	3,230
Provision at end of year	108,704	(8,072)
Fixed asset timing differences	112,504	(4,672)
Short term timing differences	(3,800)	(3,400)
Balance as at 30 April	108,704	(8,072)

Pharmaxo Pharmacy Services Limited

Notes to the financial statements for the year ended 30 April 2020 continued

	2020 £	2019 £
15 Creditors: Amounts falling due within one year		
Bank loans and overdrafts	257,921	2,538,023
Trade creditors	12,310,589	7,240,177
Amounts owed to parent company	5,007,671	2,975,893
Amounts owed to group undertakings	1,296,006	1,364,420
Accruals and deferred income	1,575,135	256,102
	20,447,322	14,374,616

The invoice discounting bank borrowings was £257,921 as at 30 April 2020 (2019: £2,538,393). There are cross-guarantees in place from Qualasept Holdings Limited, Qualasept Pharmaxo Holdings Limited and Qualasept Limited in respect of Qualasept Limited's agreement with HSBC Invoice Finance (UK) Limited, under which Qualasept Limited's indebtedness to the lender was £2,163,966 as at 30 April 2020 (2019: £2,679,942).

The amounts owed to parent company is a £5,000,000 loan from Qualasept Pharmaxo Holdings Limited and was charged at an interest rate of 3.0% per annum over the year ended 30 April 2020 and is unsecured with no set repayment date.

The amounts owed to group undertakings are unsecured, interest free and has no set repayment date.

	2020 £	2019 £
16 Financial instruments		
Financial assets		
Financial assets that are debt instruments measured at amortised cost	15,535,374	11,524,843
Financial liabilities		
Financial liabilities measured at amortised cost	20,447,322	14,374,616

Financial assets are measured at amortised cost and comprise trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise loans and overdrafts, trade creditors, amounts owed to parent company, amounts owed to group undertakings, other creditors and accruals.

	2020 £	2019 £
17 Called up share capital		
Allotted, issued and fully paid		
1 (2019: 1) ordinary share of £1 each	1	1

Pharmaxo Pharmacy Services Limited

Notes to the financial statements for the year ended 30 April 2020 continued

18 Reserves

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the company.

19 Pension commitments

The cost of contributions to the defined contribution schemes amounts to £186,146 (2019: £102,942). There were no contributions outstanding as at 30 April 2020 (2019: nil).

20 Other related party transactions

E Feedback Research Limited provided consultancy and software support services to Pharmaxo Pharmacy Services Limited to the value of £128,741 (2019: £174,087), with a nil balance outstanding as at 30 April 2020 (2019: £6,041). Mr C. Watt is a director of both companies.

21 Ultimate parent undertaking

The immediate parent undertaking is Qualasept Pharmaxo Holdings Limited.

The ultimate parent undertaking and controlling party is Qualasept Holdings Limited, which is the parent of the largest group to consolidate these financial statements. Copies of Qualasept Holdings Limited consolidated financial statements can be obtained from the Company Secretary at 3 Corsham Science Park, Park Lane, Corsham, Wiltshire SN13 9FU.

22 Prior Year Adjustment

During the preparation of the 2020 accounts it was identified that the net realisable value of drugs sold to the NHS under the Patient Access Scheme was significantly lower than the purchase cost by the amount of the rebate that is claimed from the pharmaceutical suppliers on sales to the NHS. A prior period adjustment has been posted to reflect the net realisable value on sales of these drugs to the NHS in May and June 2020, thereby reducing the stock value and increasing the accrued income by £325,387.

The adjustment does not affect the overall current assets figure in the accounts, with the impact noted in the tables below.

	Year end 2019	Adjustment	As restated
	£	£	£
Stocks	2,367,314	(325,387)	2,041,927
Trade debtors	6,895,127		6,895,127
Tax and social security	1,566,116		1,566,116
Prepayments and accrued income	4,617,283	325,387	4,942,670
Debtors	13,078,526	325,387	13,403,913