
HEALTHCARE DRUGSTORES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

HEALTHCARE DRUGSTORES LIMITED

COMPANY INFORMATION

Directors	Mr J C Patel Mr J C Patel Jnr Miss H Patel
Company secretary	Mr A R Patel
Registered number	07264746
Registered office	2 Peterwood Way Croydon Surrey, England CR0 4UQ
Independent auditor	KPMG LLP, Statutory Auditor Chartered Accountants 1 Forest Gate Brighton Road Crawley RH11 9PT

HEALTHCARE DRUGSTORES LIMITED

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

The directors present their report and the financial statements for the year ended 31 March 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Principal activity

The principal activity of the company continued to be that of holding investment.

Directors

The directors who served during the year were:

Mr J C Patel
Mr J C Patel Jnr
Miss H Patel

HEALTHCARE DRUGSTORES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, KPMG LLP, Statutory Auditor, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Mr J C Patel Jnr

Director

Date: 23 September 2019

2 Peterwood Way
Croydon
Surrey, England
CR0 4UQ

Opinion

We have audited the financial statements of Healthcare Drugstores Limited ("the company") for the year ended 31 March 2019 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 2

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of certain assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

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

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

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

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 1, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

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

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.

Timothy Rush (Senior statutory auditor)

for and on behalf of
KPMG LLP, Statutory Auditor

Chartered Accountants

1 Forest Gate
Brighton Road
Crawley
RH11 9PT

24 September 2019

HEALTHCARE DRUGSTORES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
Administration expenses		(13,671)	1,990
Operating (loss)/profit		<u>(13,671)</u>	<u>1,990</u>
Tax on (loss)/profit	5	-	-
(Loss)/profit for the financial year		<u><u>(13,671)</u></u>	<u><u>1,990</u></u>

The Company has not traded during the year. During this period, the Company received no income and incurred no expenditure other than exempted payments under the provisions of section 1169 (3)(b) of the Companies Act 2006.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
(Loss)/profit for the financial year		<u>(13,671)</u>	<u>1,990</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>(13,671)</u></u>	<u><u>1,990</u></u>

The notes on pages 9 to 15 form part of these financial statements.

HEALTHCARE DRUGSTORES LIMITED
REGISTERED NUMBER:07264746

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	6	2,207,272	2,207,272
		<u>2,207,272</u>	<u>2,207,272</u>
Current assets			
Debtors: amounts falling due within one year	7	15,762,137	15,773,808
Cash at bank and in hand	8	18,400	17,719
		<u>15,780,537</u>	<u>15,791,527</u>
Creditors: amounts falling due within one year	9	(19,274,993)	(19,272,312)
Net current liabilities		(3,494,456)	(3,480,785)
Net liabilities		<u>(1,287,184)</u>	<u>(1,273,513)</u>
Capital and reserves			
Called up share capital	11	100	100
Profit and loss account		(1,287,284)	(1,273,613)
		<u>(1,287,184)</u>	<u>(1,273,513)</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Mr J C Patel Jnr
Director

Date: 23 September 2019

The notes on pages 9 to 15 form part of these financial statements.

HEALTHCARE DRUGSTORES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2018	100	(1,273,613)	(1,273,513)
Comprehensive income for the year			
Loss for the year	-	(13,671)	(13,671)
Total comprehensive income for the year	-	(13,671)	(13,671)
At 31 March 2019	100	(1,287,284)	(1,287,184)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2017	100	(1,275,603)	(1,275,503)
Comprehensive income for the year			
Profit for the year	-	1,990	1,990
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,990	1,990
Total transactions with owners	-	-	-
At 31 March 2018	100	(1,273,613)	(1,273,513)

The notes on pages 9 to 15 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. General information

Healthcare Drugstores Limited (the "Company") is a private company limited by shares and incorporated, domiciled and registered in England in the United Kingdom. The address of the registered office is given on company information page. The nature of the company's operations and its principal activities are set out in the director report on pages 1 to 2.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The functional currency of Healthcare Drugstores Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pounds sterling and rounded to nearest £.

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Day Lewis Plc as at 31 March 2019 and these financial statements may be obtained from 2 Peterwood Way, Croydon, Surrey, CR0 4UQ.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.4 Going concern

Notwithstanding net current liabilities of £3,494,456 as at 31 March 2019, a loss for the year then ended of £13,671, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through its parent company RCF facility, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's immediate parent company, Day Lewis Plc not seeking repayment of the amounts currently due to the group, which at 31 March 2019 amounted to £19,273,499. Day Lewis Plc has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.8 Financial instruments (continued)

rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Profit and loss account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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. Auditor's remuneration

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

The audit fee was borne by the parent company Day Lewis Plc for the year ended 31 March 2019.

4. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2018 - £NIL).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

5. Taxation**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>(13,671)</u>	<u>1,990</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(2,597)	378
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,366	-
Non-taxable income	-	(901)
Group relief	231	523
	<u>-</u>	<u>-</u>
Total tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 19% to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to the UK corporation tax rate was announced in the 2016 Budget to further reduce the tax rate to 17% from 18% (to be effective from 1 April 2020). This will reduce the company's future current tax charge accordingly.

6. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2018	2,207,272
	<u>-</u>
At 31 March 2019	<u>2,207,272</u>

HEALTHCARE DRUGSTORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
ABC Drug Stores Limited	Retail pharmacy	Ordinary shares £1 each	100 %
Community Stores Limited	Holding investment in pharmacy companies	Ordinary shares £1 each	100 %
H. Carson Limited	Dormant	Ordinary shares £1 each	100 %

The above companies only have one class of share capital and were registered at 2 Peterwood Way,

Croydon, Surrey, CR0 4UQ

7. Debtors

	2019 £	2018 £
Amounts owed by group undertakings	15,761,556	15,761,556
Other debtors	581	12,252
	<u>15,762,137</u>	<u>15,773,808</u>

8. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	18,400	17,719
	<u>18,400</u>	<u>17,719</u>

HEALTHCARE DRUGSTORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

9. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,188	-
Amounts owed to group undertakings	19,273,499	19,272,312
Other creditors	306	-
	<u>19,274,993</u>	<u>19,272,312</u>

10. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at fair value	18,400	17,719
Financial assets measured at amortised cost	15,762,137	15,773,808
	<u>15,780,537</u>	<u>15,791,527</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(19,274,993)</u>	<u>(19,272,312)</u>

11. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
100 (2018 - 100) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

12. Contingent liabilities

The company is a party to intra-group cross guarantees in respect of bank borrowing within the group.

- Unlimited inter-company guarantees supported by legal charges over various properties and other respective associated assets.

HEALTHCARE DRUGSTORES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

13. Controlling party

The company's immediate parent company is Day Lewis PLC, a company registered in England and Wales. It prepares group accounts which are available at Day Lewis House, 2 Peterwood Way, Croydon, Surrey, CR0 4UQ.

The ultimate parent company is Day Lewis Holdings Limited, a company registered in Cyprus and controlled by the Kirit Patel Will Trust.

Copies of the ultimate parent and of its group financial statements are not publicly available.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.