

Health Stores (Wholesale) Limited

Report and Financial Statements

Period Ended

31 March 2019

Company Number 09462755



Health Stores (Wholesale) Limited

Report and financial statements for the period ended 31 March 2019

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Directors

M J Cole (appointed 3 September 2018)
S M Cuthbertson (appointed 3 September 2018)
J Gibson
D Main (appointed 26 September 2018)
T Ryan
J W Weaver (appointed 3 September 2018)

Registered office

Coaldale Road, Lymedale Business Park, Newcastle-Under-Lyme, Staffordshire ST5 9QX

Company number

09462755

Auditors

BDO LLP, Two Snowhill, Birmingham, B4 6GA

Health Stores (Wholesale) Limited

Strategic report for the period ended 31 March 2019

The Directors present their strategic report and the financial statements of the Company for the period ended 31 March 2019.

Principal activities

The Company is a leading distributor of natural and organic products in the UK and provides sales, marketing, warehousing and distribution services for UK and overseas manufacturers from a modern leasehold premises in Nottinghamshire.

As well as offering distribution across a wide range of channels the Company is a leading supplier to independently owned health and wholefood stores with, strong longstanding relationships. It also offers in-house packing facilities for selected products and has a chilled and frozen offering as well as its core ambient business.

Business review and future developments

The Company was acquired by Health Made Easy Limited in September 2018 and has already benefited from increased focus and resource allocation together with coordination with other Group companies. Operating cost reduction and efficiency gains have commenced during this year and these and other synergistic benefits will continue to be delivered next year, linking with Tree of Life UK limited in particular.

The results for the year represent fifteen months trading from 1 January 2018 to 31 March 2019, the accounting period being extended to align with the Group accounting period.

Sales after discount grew by 6% over the year compared to a grossed up fifteen month sales in the prior year and this showed steady growth over the period. Despite the competitive environment gross margin remained consistent with prior year at 19.5%.

The management team were able to implement operational cost savings through continuous improvement in processes during the year and further synergy benefits will be achieved going forward. The operating loss of £43,000 was impacted by a one-off increase in overheads reflecting the cost of reorganisation and integration following its acquisition and was behind the operating profit for the twelve month period ended December 2017 of £498,000.

Further consolidation across the Group and between the Group's two main distribution businesses will continue.

The company operates ethical supply, anti-bribery and anti-slavery policies and has a completely non-prejudicial approach to employment, recruitment and remuneration in line with Group policies.

Risk and uncertainty

The Company gives appropriate consideration to risk management objectives and policies. Facilities are in place to deal with cash flow and liquidity risk. Risk to pricing is mitigated by a diverse supplier and customer portfolio. Credit risk is managed through the adoption of a rigorous credit policy.

Currency risk

The Company is exposed to currency fluctuation through its overseas customers and suppliers. We have natural hedges in place between our sales and purchase ledgers and monitor changes in exchange rates constantly.

Credit risk

All customers who request to trade on credit terms are subject to credit verification procedures. Debtor balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

On behalf of the board

S M Cuthbertson
Director

18 November 2019

Health Stores (Wholesale) Limited

Directors' report for the period ended 31 March 2019

The Directors present their report and the financial statements of the Company for the extended period ended 31 March 2019. The period was extended from 31 December 2018 to 31 March 2019 and the results represent 15 months of trading.

Results and dividends

The results for the period are set out on page 7.

No ordinary dividends were paid. The Directors do not recommend the payment of a final dividend.

Principal activities

The Company is a leading distributor of natural and organic products in the UK and provides sales, marketing, warehousing and distribution services for UK and overseas manufacturers from a modern leasehold premises in Nottinghamshire.

As well as offering distribution across a wide range of channels the Company is a leading supplier to independently owned health and wholefood stores with a strong longstanding relationship. It also offers in-house packing facilities for selected products and has a chilled and frozen offering as well as its core ambient business.

Directors

The Directors of the Company throughout the period were:

M J Cole (appointed 3 September 2018)
S M Cuthbertson (appointed 3 September 2018)
C Eddie (resigned 3 September 2018)
J Gibson
O Harkavi (resigned 3 September 2018)
D Main (appointed 26 September 2018)
B Mellors (resigned 3 September 2018)
T Ryan
J Weaver (appointed 3 September 2018)

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Saffery Champness resigned as auditors of the Company during the year and BDO LLP were appointed as auditors of the Company by the Directors. BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

On behalf of the board



D Main
Director

18 November 2019

Health Stores (Wholesale) Limited

Directors' responsibilities statement for the period ended 31 March 2019

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Health Stores (Wholesale) Limited

Independent auditor's report

INDEPENDENT AUDITORS REPORT TO MEMBERS OF HEALTH STORES (WHOLESALE) LIMITED

Opinion

We have audited the financial statements of Health Stores (Wholesale) Limited ("the Company") for the 15 month period ended 31 March 2019 which comprise the statement of income, statement of comprehensive income, the statement of financial position, the statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Health Stores (Wholesale) Limited

Independent auditor's report (*continued*)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

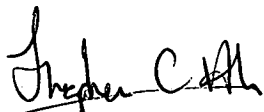
<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Health Stores (Wholesale) Limited

Independent auditor's report (*continued*)

Use of our report

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



Stephen Hale (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham, UK

Date: 20 November 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Health Stores (Wholesale) Limited

Statement of income for the period ended 31 March 2019

	Note	15 months ended 31 March 2019 £'000	Year ended 31 December 2017 £'000
Turnover	3	41,382	31,378
Cost of sales		(33,337)	(25,244)
Gross profit		8,045	6,134
Distribution costs		(2,954)	(3,333)
Administrative expenses		(5,134)	(2,303)
Operating (loss) / profit	5	(43)	498
Interest payable and similar expenses	7	(63)	(46)
(Loss) / profit before taxation		(106)	452
Tax on loss / profit	8	(20)	(97)
(Loss) / profit for the financial year		(126)	355

The Income Statement has been prepared on the basis that all operations are continuing operations.

Health Stores (Wholesale) Limited

Statement of comprehensive income for the period ended 31 March 2019

	15 months ended 31 March 2019 £'000	Year ended 31 December 2018 £'000
(Loss) / profit for the financial period	(126)	355
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income for the period	(126)	355
	<hr/>	<hr/>

The notes on pages 11 to 26 form part of these financial statements.

Health Stores (Wholesale) Limited

Statement of financial position at 31 March 2019

Company number 09462755	Note	31 March 2019 £'000	31 March 2019 £'000	31 December 2017 £'000	31 December 2017 £'000
Fixed assets					
Tangible assets	9		471		578
			<hr/>		<hr/>
			471		578
Current assets					
Stocks	12	2,459		3,204	
Debtors	13	5,200		3,879	
Cash at bank and in hand		236		30	
		<hr/>		<hr/>	
		7,895		7,113	
Creditors: amounts falling due within one year	14	(7,190)		(6,445)	
		<hr/>		<hr/>	
Net current assets			705		668
			<hr/>		<hr/>
Total assets less current liabilities			1,176		1,246
Creditors: amounts falling due after more than one year	15		(115)		(161)
Provision for liabilities	16		(212)		(204)
			<hr/>		<hr/>
Net assets			849		881
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	19		447		353
Revaluation reserve			193		193
Other reserves			106		106
Profit and loss reserves			103		229
			<hr/>		<hr/>
Shareholders' funds			849		881
			<hr/>		<hr/>

The financial statements on pages 7 to 26 were approved and authorised for issue by the Board of Directors on 18 November 2019 and were signed on its behalf by:


D Main
Director

The notes on pages 11 to 26 form part of these financial statements.

Health Stores (Wholesale) Limited

Statement of changes in equity for the period ended 31 March 2019

	Share capital £'000	Revaluation reserve £'000	Other reserves £'000	Profit and loss reserves £'000	Total equity £'000
At 1 January 2017	353	221	106	(154)	526
Profit and total comprehensive income for the year	-	-	-	355	355
Transfers	-	(28)	-	28	-
Balance at 31 December 2017	353	193	106	229	881
Shares issued during the period	94	-	-	-	94
Loss for the period	-	-	-	(126)	(126)
Other comprehensive income for the period	-	-	-	-	-
Balance at 31 March 2019	447	193	106	103	849

The notes on pages 11 to 26 form part of these financial statements.

Health Stores (Wholesale) Limited

Notes forming part of the financial statements for the period ended 31 March 2019

1 Accounting policies

Company information

Health Stores (Wholesale) Limited is a private company limited by shares incorporated in England and Wales. The registered office is given on the Contents, Directors and advisors page.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements are included within the consolidated group financial statements of Health Made Easy Limited. The accounts have been prepared using the reduced disclosure exemptions permitted by FRS 102 and therefore do not include:

- The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 11.39 to 11.48A;
- The requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- The requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information will be included in the consolidated financial statements of Health Made Easy Limited and these financial statements may be obtained from Companies House.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of leasehold properties. The principal accounting policies adopted are set out below.

Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for health food, accessories and publications provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Health Stores (Wholesale) Limited

Notes forming part of the financial statements for the period ended 31 March 2019 (*continued*)

1 Accounting policies (*continued*)

Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

The cost of tangible fixed assets is their purchase price together with any incidental costs of acquisition, except for leasehold property which is stated at valuation less any provision for depreciation.

As permitted by the FRS 102 transition rules, the Company has elected to treat the revalued amount of leasehold property under previous UK GAAP as the deemed cost. Leasehold property is therefore stated at deemed cost plus the historical cost of subsequent additions less subsequent accumulated depreciation.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold property	-	over the remaining period of the lease
Warehouse plant	-	10%-33% straight line method
Office furniture and equipment	-	20% straight line method

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

The part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account.

Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Health Stores (Wholesale) Limited

Notes forming part of the financial statements for the period ended 31 March 2019 (*continued*)

1 Accounting policies (*continued*)

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Classification of financial liabilities

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

Health Stores (Wholesale) Limited

Notes forming part of the financial statements for the period ended 31 March 2019 (*continued*)

1 Accounting policies (*continued*)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as 'creditors: amounts falling due within one year' if payment is due within one year or less. If not, they are presented as 'creditors: amounts falling due after more than one year'. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Health Stores (Wholesale) Limited

Notes forming part of the financial statements for the period ended 31 March 2019 (*continued*)

1 Accounting policies (*continued*)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Provisions

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

The Company recognises dilapidations provisions on leasehold property at the full value of the liability in fixed assets and utilises the provisions when the related expenditure is incurred. The fixed asset entry is then depreciated over the term of the lease.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Health Stores (Wholesale) Limited

Notes forming part of the financial statements for the period ended 31 March 2019 (*continued*)

1 Accounting policies (*continued*)

Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Share-based payments

The fair value of equity-settled share based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Company's estimate of shares or options that will eventually vest.

If no vesting period exists then equity-settled share based payments to employees shall presume that services rendered by the employee as consideration have been received. The share options are valued as at the grant date using the indirect method as the value of the services provided by the employees cannot be reliably measured. The Directors value the Company by reference to multiples of profit levels as well as consideration for the level of debt in the Company at grant date. The valuation is also corroborated with other transactions involving the Company shares.

For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At the balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognised in profit or loss for the period.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

Health Stores (Wholesale) Limited

Notes forming part of the financial statements for the period ended 31 March 2019 (*continued*)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Depreciation

The Company accounts for depreciation in accordance with FRS 102. The depreciation expense is the recognition of the decline in the value of the asset and allocation of the cost of the asset over the periods in which the asset will be used. Judgments are made on the estimated useful life of the assets which are regularly reviewed to reflect the changing environment.

Stocks

The Company accounts for stocks and work in progress in accordance with FRS 102. Judgements are made on the stock provision. Management believe that amounts provided for are a reasonable estimate based on information regarding slow moving and short dated stock. These judgements are reviewed regularly to reflect the changing environment.

Trade debtors

The Company accounts for receivables in accordance with FRS 102. Trade debtors are shown net of a bad debt provision, discount provision and credit note provision. Judgements are made in assessing which receivables are not likely to be recovered based on communication with customers and experience of the market. These judgements are reviewed regularly to reflect the changing environment.

Deferred tax

The Company accounts for deferred tax in accordance with FRS 102. Management believe that the losses brought forward are recoverable and therefore a related asset has been recognised. This judgement is reviewed each year in light of the financial position of the Company.

Health Stores (Wholesale) Limited

Notes forming part of the financial statements
for the period ended 31 March 2019 (*continued*)

3 Turnover and other revenue

The whole of the revenue is attributable to the principal activity of the Company.

	15 months ended 31 March 2019 £'000	Year ended 31 December 2017 £'000
Analysis of revenue by country of destination:		
United Kingdom	32,756	26,168
Ireland	5,684	4,092
Rest of the world	2,942	1,118
	<hr/> 41,382 <hr/>	<hr/> 31,378 <hr/>

4 Employees

	15 months ended 31 March 2019 £'000	Year ended 31 December 2017 £'000
Staff costs (including directors) consist of:		
Wages and salaries	2,684	1,949
Social security costs	223	156
Pension costs	74	48
	<hr/> 2,981 <hr/>	<hr/> 2,153 <hr/>

The average number of employees (including directors) during the year was as follows:

	15 months ended 31 March 2019 Number	Year ended 31 December 2017 Number
Warehouse	69	65
Administration	28	35
	<hr/> 97 <hr/>	<hr/> 100 <hr/>

Health Stores (Wholesale) Limited

Notes forming part of the financial statements
for the period ended 31 March 2019 (continued)

5 Operating profit

	15 months ended 31 March 2019 £'000	Year ended 31 December 2017 £'000
This is arrived at after charging/(crediting):		
Exchange gains	(73)	(80)
Fees payable to the Company's auditors for the audit of the Company's financial statements	25	16
Depreciation of owned tangible fixed assets	132	103
Depreciation of tangible fixed assets held under finance leases	4	4
Cost of stocks recognised as an expense	33,133	25,703
Impairment of stocks recognised or reversed	245	233
Impairment of financial assets recognised or reversed	74	(87)
Operating lease charges	704	665
	<hr/>	<hr/>

6 Directors' remuneration

	15 months ended 31 March 2019 £'000	Year ended 31 December 2017 £'000
Remuneration for qualifying services	178	165
Company pension contributions to defined contributions	11	8
	<hr/>	<hr/>
	189	173
	<hr/>	<hr/>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (31 December 2017 - 1).

The number of directors who are entitled to receive shares under long term incentive schemes during the year was Nil (31 December 2017 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	15 months ended 31 March 2019 £'000	Year ended 31 December 2017 £'000
Remuneration for qualifying services	178	165
Company pension contributions to defined contributions	11	8
	<hr/>	<hr/>
	189	173
	<hr/>	<hr/>

Health Stores (Wholesale) Limited

Notes forming part of the financial statements
for the period ended 31 March 2019 (*continued*)

7 Interest payable and similar expenses

	15 months ended 31 March 2019 £'000	Year ended 31 December 2017 £'000
Interest on financial liabilities measured at amortised cost:		
Interest on bank loans and financing facilities	63	46
	<hr/>	<hr/>

8 Taxation

	15 months Ended 31 March 2019 £'000	Year ended 31 December 2017 £'000
<i>Current tax</i>		
UK corporation tax on profits for the current year	-	54
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	20	43
	<hr/>	<hr/>
Total tax charge	20	97
	<hr/>	<hr/>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	15 months Ended 31 March 2019 £'000	Year ended 31 December 2017 £'000
(Loss) / profit before taxation	(106)	452
	<hr/>	<hr/>
Loss / profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (31 December 2017 - 19%)	(20)	86
Effects of:		
Expenses that are not deductible in determining taxable profit	67	9
Effect of change in corporation tax rate	(1)	(6)
Depreciation on assets not qualifying for tax allowances	8	7
Other permanent differences	(50)	1
Adjustments in respect of prior periods	6	-
Group relief surrendered	10	-
	<hr/>	<hr/>
Total tax charge for the year	20	97
	<hr/>	<hr/>

The Directors recognised a deferred tax asset in the prior year which is now being utilised as the tax losses are used, see note 17.

Health Stores (Wholesale) Limited

Notes forming part of the financial statements
for the period ended 31 March 2019 (*continued*)

9 Tangible fixed assets

	Leasehold property £'000	Warehouse plant £'000	Office furniture and equipment £'000	Total £'000
<i>Cost or valuation</i>				
At 1 January 2018	718	910	727	2,355
Additions	-	19	10	29
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019	718	929	737	2,384
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation and impairment</i>				
At 1 January 2018	445	717	615	1,777
Charge in the year	40	49	47	136
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019	485	766	662	1,913
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2019	233	163	75	471
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	273	193	112	578
	<hr/>	<hr/>	<hr/>	<hr/>

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	31 March 2019 £'000	31 December 2017 £'000
Office furniture and equipment	-	6
	<hr/>	<hr/>
Depreciation charge for the year in respect of leased assets	-	4
	<hr/>	<hr/>

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	31 March 2019 £'000	31 December 2017 £'000
Cost	514	514
Accumulated depreciation	(514)	(514)
	<hr/>	<hr/>
Carrying value	-	-
	<hr/>	<hr/>

Health Stores (Wholesale) Limited

Notes forming part of the financial statements
for the period ended 31 March 2019 (continued)

10 Fixed asset investments

	31 March 2019 £	31 December 2017 £
Investments in subsidiaries	1	1

11 Subsidiary undertakings

Details of the Company's subsidiaries at 31 March 2019 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held		Nature of business
			Direct	Indirect	
The Health Store Limited	England and Wales	Ordinary shares	100.00	-	Dormant

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(loss) £	Capital and reserves £
The Health Store Limited	-	2

12 Stocks

	31 March 2019 £'000	31 December 2017 £'000
Finished goods and goods for resale	2,459	3,204

13 Debtors

	31 March 2019 £'000	31 December 2017 £'000
Amounts falling due within one year:		
Trade debtors	3,574	3,368
Other debtors	11	246
Prepayments and accrued income	337	253
VAT recoverable	62	-
Amounts due from fellow group undertakings	1,216	-
	5,200	3,867
Deferred tax asset (note 17)	-	12
	5,200	3,879

Trade debtors disclosed above are measured at amortised cost.

Health Stores (Wholesale) Limited

Notes forming part of the financial statements
for the period ended 31 March 2019 (*continued*)

14 Creditors: amounts falling due within one year

	31 March 2019 £'000	31 December 2017 £'000
Bank loans and financing facilities	2,464	462
Obligations under finance leases	-	2
Trade creditors	4,337	5,575
Corporation tax	-	54
Other creditors	99	151
Accruals and deferred income	290	201
	<hr/>	<hr/>
	7,190	6,445
	<hr/>	<hr/>

Included within bank loans and financing facilities is an invoice discounting liability of £2,464,000 (2018 - £462,000) which is secured by both fixed and floating charges on the assets of the Company.

15 Creditors: amounts falling due after more than one year

	31 March 2019 £'000	31 December 2017 £'000
Other creditors	115	161
	<hr/>	<hr/>
	115	161
	<hr/>	<hr/>

Health Stores (Wholesale) Limited

Notes forming part of the financial statements
for the period ended 31 March 2019 (continued)

16 Provisions for liabilities

	31 March 2019 £'000	31 December 2017 £'000
Provision for dilapidation costs	204	204
Provision for deferred taxation	8	-
	<hr/>	<hr/>
	212	204
	<hr/>	<hr/>

Movements on provisions:

	Deferred tax £'000	Dilapidations £'000	Total £'000
Balance at 31 December 2017	-	204	204
Reclassified from debtors	(12)	-	(12)
New in the period (Note 17)	20	-	20
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2019	8	204	212
	<hr/>	<hr/>	<hr/>

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon:

	Liability / (Assets) 31 March 2019 £'000	Liability / (Assets) 31 December 2017 £'000
Balances:		
Accelerated capital allowances	8	7
Share based payments	-	(19)
	<hr/>	<hr/>
	8	(12)
	<hr/>	<hr/>
Movements in the year:		£
Asset at 1 January 2018		(12)
Charge to profit or loss		20
		<hr/>
Liability at 31 March 2019		8
		<hr/>

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so.

Health Stores (Wholesale) Limited

Notes forming part of the financial statements for the period ended 31 March 2019 (continued)

18 Retirement benefit scheme

The following pension schemes are operated by the Company.

	31 March 2019 £'000	31 December 2017 £'000
Defined contribution schemes:		
Charge to profit or loss in respect of defined contribution schemes	74	48

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge amounted to £74,000 (2017 - £48,000). Contributions amounting to £10,000 payable at the period end date to the fund are included in creditors falling due within one year (note 14).

19 Share capital

	31 March 2019 £'000	31 December 2017 £'000
<i>Issued and fully paid</i>		
89,447 (31 December 2017 – 70,647) ordinary shares of £5 each	447	353

Each share is entitled to one vote in any circumstances and each share is also entitled pari passu to dividend payments or any other distribution, including a distribution arising from a winding up of the Company.

20 Share based payment transactions

	Weighted average exercise price 31 March 2019 £	31 March 2019 Number	Weighted average exercise price 31 December 2017 £	31 December 2017 Number
Outstanding at start of the period/year	0.50	23,500	0.50	23,500
Exercised during the period/year	5.00	(18,800)	-	-
Cancelled during the period/year	-	(4,700)	-	-
Outstanding at end of the period/year	-	-	0.50	23,500

21 Contingent liability

Under a guarantee to its bankers, the Company is subject to a composite company unlimited multilateral guarantee to cover amounts advanced to its fellow subsidiary undertakings with the group headed by Health Made Easy Limited. At 31 March 2019, the amounts due to the Group's bankers amounted to £8,566,000 (2018 - £Nil). All borrowings are secured by a first charge over the assets of the Group.

Health Stores (Wholesale) Limited

Notes forming part of the financial statements for the period ended 31 March 2019 (continued)

22 Finance lease obligations

Future minimum lease payments due under finance leases:

	31 March 2019 £'000	31 December 2017 £'000
Within one year	-	2
In two to five years	-	-
	<hr/>	<hr/>
Total	-	2
	<hr/>	<hr/>

The obligations under hire purchase contracts are secured on the assets concerned.

23 Commitments under operating leases

Lessee

At the reporting end date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	31 March 2019 £'000	31 December 2017 £'000
Within one year	486	507
Between two and five years	1,792	1,810
In over five years	512	1,060
	<hr/>	<hr/>
Total	2,790	3,377
	<hr/>	<hr/>

24 Related party disclosures

The Company was wholly acquired by Health Made Easy Limited on 5 September 2018. It has thereby taken advantage of the exemption within section 33.1A of FRS 102 'Related party disclosures' not to disclose transactions with Health Made Easy Limited or other wholly owned subsidiaries within the Group between the acquisition date and the balance sheet date.

25 Ultimate parent company

The ultimate parent company is Anglia Home Living Unlimited and the controlling party is M.J. Cole.

The largest and smallest group in which the results of the Company are consolidated is that headed by Health Made Easy Limited, incorporated in England & Wales. The consolidated accounts of this company are available to the public and may be obtained from Companies House. No other group accounts include the results of the Company.