

## Prima Brands Limited

Annual report and financial statements  
for the year ended 31 March 2019

Register Number: NI 10262



### Prima Brands Consumer Healthcare

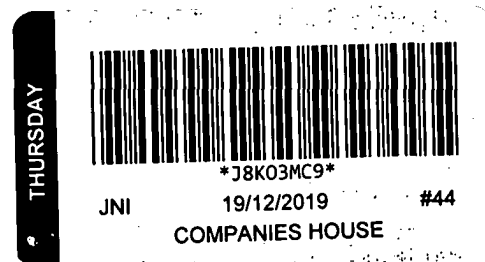
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Registered Number: NI 10262



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# **Prima Brands Limited**

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## **Prima Brands Limited**

### **Directors and other information**

Directors	D Jackson M Hilger T Anderson J Davies
Secretary	N L Legg
Auditor	Deloitte (NI) Limited 19 Bedford Street Belfast Northern Ireland BT2 7EJ
Bankers	Danske Bank 520 Upper Newtownards Road Belfast Northern Ireland BT4 3HD
Solicitors	Carson McDowell LLP Murray House Murray Street Belfast Northern Ireland BT1 6DN
Registered office	2 Marshalls Road Belfast Northern Ireland BT5 6SR
Company registration number	NI 010262

# **Prima Brands Limited**

## **Director's report**

The Directors present their annual report together with the financial statements and auditor's report of the Company for the year ended 31 March 2019.

### **Principal activity and business review**

The principal activity of the Company is the wholesale distribution of pharmaceutical products. There were no significant changes to the principal activity during the year and the Directors do not plan any significant change within the foreseeable future.

The Directors have assessed the potential impact of Brexit on customer relationships, supply chain and workforce and are satisfied that no operational changes are required to be made at this stage. The Board are however mindful of the degree of uncertainty pending the outcome of current and future Brexit negotiations and continue to monitor the need to implement changes in response.

### **Results and dividends**

Details of the results for the year are set out in the profit and loss account on page 8 and the related notes. The Directors do not recommend the payment of a final dividend in the current year (2018: nil).

### **Directors**

The Directors who held office during the period and up to the date of this report were:

PR Surgenor (resigned 31/07/2018);  
D Jackson;  
C McDermott (resigned 16/10/2019);  
J R Poole (resigned 16/01/2019);  
N Swift (resigned 16/08/2019);  
M Hilger;  
T Anderson (appointed 01/09/2018); and  
J Davies (appointed 01/02/2019).

The company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

### **Disclosure of information to auditor**

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

- So far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- The Director has taken all the steps that he/she should have taken as a Director in order to make himself/herself aware of any relevant audit information and to ensure that the company's auditor is aware of that information.

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

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte (NI) Limited will therefore continue in office.

## **Prima Brands Limited**

### **Director's report (continued)**

#### **Small companies exemption**

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the Board

A handwritten signature in black ink, appearing to read 'D Jackson', with a stylized flourish at the end.

**D Jackson**  
Director

05 December 2019

## **Prima Brands Limited**

### **Director's responsibilities statement**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice and (United Kingdom Accounting Standards and applicable law) including FRS 101 "Reduced Disclosure Framework".

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 estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

# **Independent Auditor's Report to the Members of Prima Brands Limited**

## **Report on the audit of the financial statements**

### **Opinion**

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 year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework" and;
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Prima Brands Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

We have nothing to report in respect of these matters.

### **Other information**

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

## **Independent Auditor's Report to the Members of Prima Brands Limited (continued)**

### **Other information (continued)**

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

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.



## **Independent Auditor's Report to the Members of Prima Brands Limited (continued)**

### **Auditor's responsibilities for the audit of the financial statements (continued)**

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

#### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

#### **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.



Dawn Johnston FCA (Senior statutory auditor)  
for and on behalf of Deloitte (NI) Limited  
Statutory Auditor  
Belfast, United Kingdom  
10 December 2019

## Prima Brands Limited

### Profit and loss account

For the year ended 31 March 2019

	Note	Year ended 31 March 2019 £	Year ended 31 March 2018 £
Turnover	4	6,411,240	6,704,415
Cost of sales		(6,068,706)	(6,409,107)
<b>Gross profit</b>		<u>342,534</u>	<u>295,308</u>
Distribution costs and administrative expenses		(264,225)	(190,733)
Other operating income		-	-
<b>Operating profit and profit on ordinary activities before tax</b>	5	<u>78,309</u>	<u>104,575</u>
Tax on profit on ordinary activities	7	(14,859)	(12,957)
<b>Profit for the financial year</b>		<u><u>63,450</u></u>	<u><u>91,618</u></u>

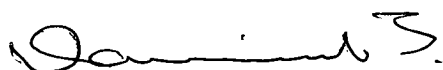
The Company has no recognised gains or losses other than those included above and therefore no separate statement of comprehensive income has been presented.

# Prima Brands Limited

## Balance sheet As at 31 March 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	8	-	-
Deferred tax	12	2,550	2,720
		<u>2,550</u>	<u>2,720</u>
<b>Current assets</b>			
Stocks	9	932,873	586,620
Debtors	10	1,682,938	2,113,679
Cash at bank and in hand		883,158	524,391
		<u>3,498,969</u>	<u>3,224,690</u>
<b>Total current assets</b>			
		<u>3,498,969</u>	<u>3,224,690</u>
<b>Creditors: Amounts falling due within one year</b>	11	(2,377,079)	(2,166,420)
		<u>1,121,890</u>	<u>1,058,270</u>
<b>Net current assets</b>			
		<u>1,121,890</u>	<u>1,058,270</u>
<b>Total assets less current liabilities</b>		<u>1,124,440</u>	<u>1,060,990</u>
<b>Net assets</b>		<u>1,124,440</u>	<u>1,060,990</u>
<b>Capital and reserves</b>			
Called up share capital	13	22,500	22,500
Share premium account		7,500	7,500
Profit and loss account		1,094,440	1,030,990
		<u>1,124,440</u>	<u>1,060,990</u>

The financial statements of Prima Brands Limited (registered number NI 10262) were approved by the board of directors and authorised for issue on [date]. They were signed on its behalf by:



**D Jackson**

Director

## Prima Brands Limited

### Statement of changes in equity As at 31 March 2019

	Share capital £	Share premium account £	Profit and loss account £	Total £
<b>Balance at 1 April 2017</b>	22,500	7,500	939,372	969,372
Profit for the period and total comprehensive income	-	-	91,618	91,618
<b>Balance at 31 March 2018</b>	22,500	7,500	1,030,990	1,060,990
Profit for the period and total comprehensive income	-	-	63,450	63,450
<b>Balance at 31 March 2019</b>	22,500	7,500	1,094,440	1,124,440

## **Prima Brands Limited**

### **Notes to the financial statements For the year ended 31 March 2019**

#### **1. General information**

Prima Brands Limited (the Company) is a company incorporated in the United Kingdom under the Companies Act and is registered in Northern Ireland. The address of the registered office is 2 Marshalls Road, Belfast, BT5 6SR. The nature of the Company's operations and its principal activities are set out in the Directors report on pages 2 to 3.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

#### ***Adoption of new and revised Standards***

##### ***Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year***

The following new and revised Standards and Interpretations that are mandatorily effective for an accounting period that begins on or after 1 April 2018 have been adopted in the current year. The application of these specific Standards and Interpretations has not had a material effect on the Company.

- Amendments to IFRS 9 Financial Instruments;
- Amendments to IFRS 15 Revenue from Contracts with Customers;
- IFRIC 22 Foreign Currency Transactions and Advance Consideration;
- Annual Improvements to IFRSs 2014-2016 Cycle - Amendments to IFRS 1 and IAS 28;
- Clarifications to IFRS 15 Revenue from Contracts with Customers;
- Classification and measurement of Share Based Payment Transactions (Amendments to IFRS 2);
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4);
- Transfers of Investment Property (Amendments to IAS 40).

#### **2. Significant accounting policies**

##### **Basis of accounting**

The Company meets the definition of a qualifying entity under FRS 100 'Application of financial reporting requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework':

As permitted by FRS 101 the Company has taken advantage of the disclosure exemptions available under that standard in relation to, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of McKesson Corporation. The group accounts of McKesson Corporation are available to the public and can be obtained as set out in note 15.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

##### **Going concern**

The financial statements have been prepared using the going concern basis of accounting.

## **Prima Brands Limited**

### **Notes to the financial statements For the year ended 31 March 2019**

#### **2. Significant accounting policies (continued)**

##### **Revenue recognition**

The Company recognises revenue from the following major sources:

- Wholesalers;
- Retail Pharmacy; and
- Grocery.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer. The Company recognises revenue when it transfers control of a product to a customer. Any deductions from sales such as rebates, discounts allowed and bonuses are deducted from gross revenue. Revenue excludes Value Added Tax.

The Company sells over the counter products to both wholesale and retail customers.

For sales of goods to retail pharmacy and grocery customers revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customer's specific location.

For sales of goods to the wholesale market revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the wholesaler's specific location. Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised by the Company when the goods are delivered to all customers as this represents the point in time at which the right to consideration becomes unconditional as only the passage of time is required before payment is due.

Under the Company's standard contract terms, customers have a right of return within 3 business days of delivery. At the point of return, a refund liability and a corresponding adjustment to revenue is recognised for those products that have been returned and assessed. At the same time, the Company recognises a returned goods asset and a corresponding adjustment to cost of sales.

##### **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 profit and loss account 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 balance sheet date.

##### ***Deferred tax***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

## **Prima Brands Limited**

### **Notes to the financial statements For the year ended 31 March 2019**

#### **2. Significant accounting policies (continued)**

##### **Taxation (continued)**

###### ***Deferred tax (continued)***

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

###### ***Current tax and deferred tax for the year***

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

##### **Tangible fixed assets**

Tangible fixed assets are carried at cost less accumulated depreciation and any accumulated impairment losses. All repair and maintenance costs are recognised in the income statement as incurred.

Depreciation is charged so as to write off the cost of assets over their useful lives. The following rates have been applied to the various asset categories:

Office equipment	20% reducing balance
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A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account when the asset is derecognised.

##### **Impairment of tangible assets**

At each balance sheet 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal 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.

## **Prima Brands Limited**

### **Notes to the financial statements For the year ended 31 March 2019**

#### **2. Significant accounting policies (continued)**

##### **Impairment of tangible assets (continued)**

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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### **Leases**

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

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date, in particular whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

##### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is determined on weighted average purchase price basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Where necessary, allowance is made for obsolete, slow moving and defective inventory.

##### **Financial instruments**

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.



## **Prima Brands Limited**

### **Notes to the financial statements For the year ended 31 March 2019**

#### **2. Significant accounting policies (continued)**

##### **Financial instruments (continued)**

##### **Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### *Classification of financial assets*

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### *Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "finance income - interest income" line item.

##### *Impairment of financial assets*

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

## **Prima Brands Limited**

### **Notes to the financial statements For the year ended 31 March 2019**

#### **2. Significant accounting policies (continued)**

##### **Financial instruments (continued)**

##### **Financial assets (continued)**

###### *Impairment of financial assets (continued)*

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 *Leases*. The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

###### *Derecognition of financial assets*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

## **Prima Brands Limited**

### **Notes to the financial statements For the year ended 31 March 2019**

#### **2. Significant accounting policies (continued)**

##### **Financial instruments (continued)**

##### **Financial liabilities and equity**

###### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

###### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### **Financial liabilities**

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below.

###### *Financial liabilities measured subsequently at amortised cost*

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

###### *Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

##### **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) 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 balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## Prima Brands Limited

### Notes to the financial statements For the year ended 31 March 2019

#### 2. Significant accounting policies (continued)

##### Foreign currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

##### Operating profit

Operating profit is stated after charging restructuring costs but before investment income and finance costs.

#### 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

##### *Critical judgements in applying the Company's accounting policies*

There are no critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognised in financial statements.

##### *Key sources of estimation uncertainty*

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### 4. Turnover

Turnover is generated wholly in the United Kingdom from the sale of pharmaceutical goods.

	Year ended 31 March 2019 £	Year ended 31 March 2018 £
Continuing operations		
Sales of goods	6,411,240	6,704,415
Turnover	6,411,240	6,704,415

## Prima Brands Limited

### Notes to the financial statements For the year ended 31 March 2019

#### 5. Profit on ordinary activities before tax

Profit on ordinary activities before tax has been arrived at after charging/(crediting):

	Year ended 31 March 2019 £	Year ended 31 March 2018 £
Operating lease payments:		
- Motor vehicles	9,617	13,370
Cost of stock recognised as an expense	6,059,268	6,392,766
Staff costs (see note 6)	136,075	108,100
Fees payable to the Company's auditor for the audit of the annual financial statements	4,500	4,500

Fees payable to Deloitte (NI) Limited for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Company are required to disclose such fees on a consolidated basis.

#### 6. Staff costs

The average monthly number of employees (including executive directors) was:

	Year ended 31 March 2019 £	Year ended 31 March 2018 £
Administration	1	1
Sales	2	2
	3	3

Their aggregate remuneration comprised:

	Year ended 31 March 2019 £	Year ended 31 March 2018 £
Wages and salaries	136,075	97,113
Social security costs	-	10,987
	136,075	108,100

The Directors in the current and prior year were remunerated by other group companies with no apportionment practicable.

## Prima Brands Limited

### Notes to the financial statements For the year ended 31 March 2019

#### 7. Tax

	Year ended 31 March 2019 £	Year ended 31 March 2018 £
Corporation tax:		
UK corporation tax	14,689	18,327
Adjustments in respect of prior years	-	(3,456)
	<hr/> 14,689	<hr/> 14,871
Deferred tax (note 12)	170	(1,914)
	<hr/> 14,859	<hr/> 12,957

Corporation tax is calculated at 19% (2018: 19%) of the estimated taxable profit for the year.

The charge for the year can be reconciled to the profit in the profit and loss account as follows:

	Year ended 31 March 2019 £	Year ended 31 March 2018 £
Profit before tax	78,309	104,575
	<hr/>	<hr/>
Tax at the UK corporation tax rate of 19 % (2018: 19 %)	14,879	19,869
Tax effect of expenses that are not deductible in determining taxable profit	-	2,384
Adjustments in respect of prior years	-	(8,883)
Impact of tax rate change on deferred tax	(20)	(413)
	<hr/>	<hr/>
Tax expense for the year	14,859	12,957

#### Factors affecting tax charge for future years

The applied tax rate will change following the enactment of the Finance Act 2016, which provided for a change in the main rate of corporation tax from 19% to 17% on 1 April 2020. This will affect the future tax charge of the company. It is not anticipated that this rate value will be a major impact on the company.

## Prima Brands Limited

### Notes to the financial statements For the year ended 31 March 2019

#### 8. Tangible fixed assets

	Office equipment £	Total £
<b>Cost</b>		
At 1 April 2018	6,456	6,456
Disposal	-	-
At 31 March 2019	6,456	6,456
<b>Accumulated depreciation and impairment</b>		
At 1 April 2018	6,456	6,456
Disposal	-	-
At 31 March 2019	6,456	6,456
<b>Carrying amount</b>		
At 31 March 2019	-	-
At 31 March 2018	-	-

#### 9. Stocks

	31 March 2019 £	31 March 2018 £
Finished goods	932,873	586,620

#### 10. Debtors

	31 March 2019 £	31 March 2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	976,364	1,841,356
Amounts owed by group undertakings	618,475	271,398
Other debtors	32,665	-
Prepayments and accrued income	55,434	925
	1,682,938	2,113,679

## Prima Brands Limited

### Notes to the financial statements For the year ended 31 March 2019

#### 11. Creditors

##### Amounts falling due within one year

	31 March 2019 £	31 March 2018 £
Trade creditors	251,089	248,033
Amounts owed to group undertakings	2,054,720	1,803,357
Other creditors	50,251	56,389
Corporation tax	21,019	58,641
	<u>2,377,079</u>	<u>2,166,420</u>

#### 12. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting periods.

	Short term timing differences £	Accelerated tax depreciation £	Total £
At 1 April 2017	(806)	-	(806)
Credit to profit or loss	(1,744)	(170)	(1,914)
At 1 April 2018	<u>(2,550)</u>	<u>(170)</u>	<u>(2,720)</u>
Charge to profit or loss	-	170	170
At 31 March 2019	<u>(2,550)</u>	<u>-</u>	<u>(2,550)</u>

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	31 March 2019 £	31 March 2018 £
Deferred tax assets	<u>2,550</u>	<u>2,720</u>
	<u>2,550</u>	<u>2,720</u>



## Prima Brands Limited

### Notes to the financial statements For the year ended 31 March 2019

#### 13. Share capital

	31 March 2019 £	31 March 2018 £
Issued and fully paid: 22,500 ordinary shares of £1 each	22,500	22,500

#### 14. Operating lease arrangements

The Company as lessee	31 March 2019 £	31 March 2018 £
Lease payments under operating leases recognised as an expense in the year	9,617	13,370

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

	31 March 2018 £	31 March 2017 £
Within one year	-	706
In the second to fifth years inclusive	-	-
After five years	-	-
	-	706

#### 15. Controlling party

In the opinion of the directors, the Company's ultimate parent Company and ultimate controlling party is McKesson Corporation, a Company incorporated in the United States of America. The parent undertaking of the largest group, which includes the Company and for which group accounts are prepared, is McKesson Corporation, a Company incorporated in the United States of America with a registered address of One Post Street, San Francisco, CA 94104. The parent undertaking of the smallest such group is McKesson AG, a Company incorporated in Germany with a registered address of Neckartalstrasse 155, 70376, Stuttgart. Copies of the group financial statements of McKesson Corporation and McKesson AG are available from each company's registered address. The Company's immediate controlling party is Sangers (Northern Ireland) Limited.