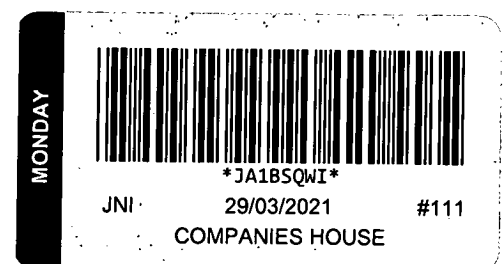


**Sangers (Northern Ireland) Limited**  
**Annual Report and Financial Statements**  
**for the year ended 31 March 2020**

**Company Registration Number NI 018941**



# **Sangers (Northern Ireland) Limited**

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## **Sangers (Northern Ireland) Limited**

### **Contents**

#### **Directors**

T Anderson  
J Davies  
C Keen  
D Jackson

#### **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 018941

# **Sangers (Northern Ireland) Limited**

## **Strategic report**

### **Business review**

The principal activities of Sangers (Northern Ireland) Limited (the “Company”) are as follows:

- Surgical – supplies ostomy, continence and woundcare products to pharmacies and hospitals;
- Pemberton – sells health and beauty products to beauty shops, pharmacies and department stores; and
- Distribution – sells bulk OTC goods to large pharmacy chains, ethical drugs to hospitals and wholesalers.

The results for the period are set out in the profit and loss account on page 12 and in the related notes.

The operating profit of the Company was £3,721,226 (2019: £3,189,319).

The profit after tax for the period was £3,164,316 (2019 profit of: £2,517,735).

At 31 March 2020 the Company’s net assets were £8,292,457 (2019: £5,128,141). The Company continues to maintain strong working cash flows. The Company incurred minimal bad debt and stock obsolescence write offs during the year.

### **Principal risks and uncertainties**

The Company has a comprehensive system of risk management and internal controls.

Risk management is an integral part of the Company’s business process. A detailed risk register is maintained and plans to address the identified risks are updated and reviewed by the executive Directors on a regular basis.

The risks and uncertainties which are currently judged to have the largest impact on the Company’s performance are noted below.

The company faces new entrants trying to establish themselves in to the various markets and if the company fails to compete successfully market share and profitability may decline. The risk currently is low. High investment costs (inventory, transport infrastructure, etc.) and high levels of governance & regulation result in difficult barriers of entry.

Distribution of third party products by the Company is currently by agreement. There is no certainty that these agreements will be renewed when they expire, which could lead to declines in sales and profitability.

Changes in government regulations, in the healthcare and pharmaceutical sector, may adversely affect the Company. Should the Company not be able to fulfil the demand for its products due to circumstances such as the loss of a storage facility or disruptions to its supply chains, sales volumes and profitability could be affected.

The Company’s IT facilities could be subject to hacking or viruses, which could result in downtime, which in turn could lead to declines in sales and profitability.

The success of the Company is built upon a strong, effective management team committed to achieving a superior performance. The loss of key personnel could for a time have a significant impact on business performance.

### **United Kingdom Trading relationship with the European Union**

The United Kingdom (“UK”) entered into a trading arrangement with the European Union (“EU”) on 31 December 2020.

Under this arrangement, goods trade costs are likely to increase due to customs compliance requirements, potential border delays, rules of origin requirements and the need for products to satisfy different regulations and standards in the UK than the EU. The principal risks we face are around ensuring uninterrupted supply of pharmaceutical and medical products to patients and customers under a changed legal and regulatory environment as the EU medicine approval regime is now no longer recognized by the UK.

## **Sangers (Northern Ireland) Limited**

### **Strategic report (continued)**

#### **United Kingdom Trading relationship with the European Union(continued)**

In addition, Northern Ireland (“NI”) remains aligned to EU regulatory frameworks. We continue to explore the ways in which the UK will be required to apply EU regulations in NI through discussions with the UK Government and relevant trade associations, as certain derogations expire at the end of 2021.

The agreement does not guarantee mutual recognition of professional and sector-specific qualifications which will restrict labour mobility, including, but limited to, pharmacists and nurses that we, or our customers, employ.

The risk of fluctuations in exchange rates have the potential to cause business disruption and profitability impacts.

The company continues to seek advice and clarification from the Government regarding ongoing negotiations to enhance the trading agreement and mitigate the above risks. Mitigating actions have been implemented to secure supply and minimise business disruption.

#### **Novel Coronavirus**

On the 11 March 2020 the World Health Organisation declared novel coronavirus a pandemic. In March 2020, and again in November 2020, the UK Government announced strict lockdown measures across the UK.

The company provides a pivotal role in delivering healthcare products and services to communities around the country. The uncompromising priority of the company is the safety of its employees and customers. The company reacted swiftly to the UK Government’s advice to ensure safety measures were put in place and continues to follow its advice in order to remain open to patients as access to other healthcare (e.g. GPs, clinics and hospitals) has been restricted.

Whilst the future duration and impact of the novel coronavirus are unknown, the company will continue to support its communities whilst following the advice of the UK Government.

#### **Key performance indicators**

The following key performance indicators are used by the Company’s Directors to understand the performance of the business as they are indicative of the level of activity and profitability.

	<b>Year ended 31 March 2020</b>	<b>Year ended 31 March 2019</b>
Turnover	£41,658,505	£39,755,005
Operating profit	£3,721,226	£3,189,319

#### **Financial risk management**

The management of the financial risks facing the Company is governed by policies reviewed and approved by the Board of Directors. These policies primarily cover liquidity risk, credit risk, interest rate risk and currency risk. The primary objective of the Company’s policies is to minimise financial risk at reasonable cost. The Company does not trade in financial instruments. The Company uses cash resources and borrowings at prevailing rates to finance its operations. Trade debtors and creditors arise directly from operations on normal terms. The Company’s exposure to price risk of financial instruments is therefore minimal.

## **Sangers (Northern Ireland) Limited**

### **Strategic report (continued)**

#### **Financial risk management (continued)**

The Company's principal financial assets are bank balances and cash, and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Company ensures that it has sufficient financing facilities available through cash flow generated from operating activities and group financing. It has not entered into any long term borrowing arrangements.

The majority of the Company's activities are conducted in sterling, with the amount of trade in other currencies being minimal. Therefore, the currency risk to the Company is limited.

#### **Future outlook**

The Directors consider that both the results for the year and trading prospects are satisfactory and it is the Directors' intention to develop the present activities of the Company.

#### **Statement by the directors on the performance of their statutory duties in accordance with s172(1) of Companies Act 2006**

This statement describes how the Directors complied with section 172(1) (a)-(f) of the Companies Act 2006 to promote the success of the company for the benefit of its stakeholders.

The nature of our highly regulated business requires that we consider the long-term consequences of our decisions. Our shareholders have invested capital to drive sustainable long-term profit growth. The Directors' report describes the Board's role in managing the business, our reputation, risks and balancing stakeholder needs for the long-term. The Board's other key stakeholders are as follows:

#### **Colleagues**

Our people are the key to enable us to execute our strategy and many of whom serve our customers, suppliers and patients, all living by our ICARE and ILEAD core values.

There are many ways we engage with and listen to our people including pulse surveys, conferences, forums including town hall meetings where colleagues can interact with our Chief Executive Officer and receive updates on strategic initiatives and our business and recognize great performance. We also promote a diverse and inclusive workforce through robust hiring processes, manager training, network groups to foster a sense of community, awareness and celebrations. We also provide opportunities for our colleagues to provide feedback on our policies and processes. The Board reviews, and approves, changes to our talent strategy.

Key areas of focus for our colleagues include reinforcement of our culture through our values, code of conduct, career pathways and development plans. We foster a performance-based culture based on regular and transparent feedback, along with regular performance reviews that are linked to compensation. There are numerous development opportunities, including sponsorship for our top talent to attend our European Talent programmes.

The health and wellness of our colleagues and patients are a key priority, and we provide a robust employee assistance program which includes mental health support and free annual flu vaccinations. In the novel coronavirus environment, the Board has taken appropriate steps to ensure the safety of our colleagues including social distancing, regular cleaning across all sites, screens where appropriate, temperature checking and personal protective equipment. Appropriate measures and protocols are informed by Government guidance.

Colleagues are encouraged to speak up with any concerns they may have. We have in place a Whistleblowing Policy and confidential reporting line, enabling colleagues to raise concerns without fear of retaliation.

## **Sangers (Northern Ireland) Limited**

### **Strategic report (continued)**

#### **Statement by the directors on the performance of their statutory duties in accordance with s172(1) of Companies Act 2006 (continued)**

##### **Colleagues (continued)**

The Board receives reports on opportunities and concerns raised by colleagues through regular board, committee and management meeting reporting.

##### **Customers and Suppliers**

We build strong relationships with our customers and suppliers to promote mutually beneficial sustainable long-term profit growth. Engagement with customers and suppliers is primarily through formal reviews as well as regular conferences that bring suppliers and customers together to discuss shared concerns. Key areas of focus include close coordination to ensure availability of product in a safe and secure supply chain (refer to Principal risks and uncertainties that discusses the novel coronavirus and Brexit), innovation by introducing e-commerce to automate the supply chain and supporting prompt payment. The Board is briefed on customer and supplier metrics and feedback, opportunities and issues through regular board and management meeting reporting.

##### **Communities and the Environment**

We engage with local communities to build trust and understand the issues that are important to them. Key areas of focus include how we can support local causes and issues, create opportunities to recruit, help to look after the environment (refer to the Directors' report) and engage with communities through social media.

We have an established partnership with the Alzheimer's Society and raise awareness and funds through corporate events. The Board receives updates through appropriate board and management meeting reporting.

##### **Government and regulators**

We operate in a highly regulated industry, and patient safety is critical. Government entities, including the Department of Health, determine tariff reimbursement levels and service fees that impact the supply chain, including ourselves, our customers and our suppliers. We engage with the government and regulators through a range of sector organisations such as the Pharmaceutical Services Negotiating Committee. We also independently engage with stakeholders by responding to consultations, and participating in forums, meetings and conferences to inform about, educate on and discuss changes to the sector with policy makers relevant to our business.

Key areas of engagement include compliance with laws and regulations, health and safety, evolving how we support stakeholders under novel coronavirus and Brexit negotiations. The Board is updated on developments through regular board and management meeting reporting and takes these into account when making decisions.

By order of the Board

**D Jackson**  
Director



Date: 26<sup>th</sup> March 2021

## **Sangers (Northern Ireland) Limited**

### **Directors' report**

The Directors present their annual report together with the financial statements and auditor's report for the year ended 31 March 2020.

#### **Financial risk management objectives and policies**

The financial risk management objectives and policies of the Company are detailed in the Strategic Report on pages 2-5 and form part of this report by cross reference.

#### **Dividends**

No dividends were paid during the year (2019: £Nil). The Directors do not recommend the payment of a final dividend in the current year (2019: £Nil).

#### **Engagement with suppliers, customers and others**

Details of engagement with suppliers, customers and others are contained on pages 2-5 in the Strategic Report and form part of this report by cross reference.

#### **Energy and Carbon Reporting**

The Company meets the definition of a low energy user. Therefore it is not required to make disclosures around energy and carbon information.

#### **Directors**

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

J Davies	T Anderson
D Jackson	C Keen (Appointed 25/11/19)
P Lemon (Resigned 31/05/19)	C McDermott (Resigned 16/10/19)
N Swift (Resigned 16/08/19)	M Hilger (Resigned 25/11/19)

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.



## **Sangers (Northern Ireland) Limited**

### **Directors' report (continued)**

#### **Future developments**

Details of future developments can be found in the Strategic Report on page 4 and form part of this report by cross reference.

#### **Events after the balance sheet date**

The directors are not aware of any material events after the balance sheet date which would directly affect the business. As noted in the Strategic report on pages 2-5 there has been no significant impact to the business from Brexit.

#### **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.

By order of the Board



**D Jackson**  
Director

Date: 26<sup>th</sup> March 2021

## **Sangers (Northern Ireland) Limited**

### **Directors' responsibilities statement**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are 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 Sangers (Northern Ireland) 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 2020 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 Sangers (Northern Ireland) Limited (the 'company') which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

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.

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.

## **Independent auditor's report to the members of Sangers (Northern Ireland) Limited (continued)**

### **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.
- 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.

## **Independent auditor's report to the members of Sangars (Northern Ireland) Limited (continued)**

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

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

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

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

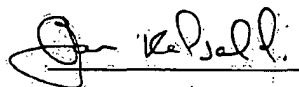
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

**We have nothing to report in respect of these matters.**

#### **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.



Ian Kelsall ACA (Senior statutory auditor)  
for and on behalf of Deloitte (NI) Limited  
Statutory Auditor  
Belfast, United Kingdom  
26th March 2021

## Sangers (Northern Ireland) Limited

### Statement of comprehensive income For the year ended 31 March 2020


		Year ended 31 March 2020 £	Year ended 31 March 2019 £
	Note		
<b>Turnover – continuing operations</b>	4	41,658,505	39,755,005
Cost of sales		(35,834,345)	(34,604,931)
<b>Gross profit</b>		5,824,160	5,150,074
Administrative expenses		(2,102,934)	(1,960,755)
<b>Operating profit – continuing operations</b>		3,721,226	3,189,319
Interest receivable and similar income	6	68,180	36,405
Interest payable and similar charges	7	(9,907)	(201,814)
Profit before taxation		3,779,499	3,023,910
Tax on profit	8	(615,183)	(506,175)
<b>Profit for the financial year</b>	5	3,164,316	2,517,735

## Sangers (Northern Ireland) Limited

### Balance sheet As at 31 March 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Investments	9	<u>777,902</u>	<u>777,903</u>
		777,902	777,903
<b>Current assets</b>			
Stocks	10	3,995,117	4,702,687
Debtors	11	9,458,501	8,529,613
Cash at bank and in hand		<u>4,667,934</u>	<u>7,528,468</u>
		18,121,552	20,760,768
<b>Creditors: Amounts falling due within one year</b>	12	<u>(10,606,997)</u>	<u>(16,410,530)</u>
<b>Net current assets</b>		<u>7,514,555</u>	<u>4,350,238</u>
<b>Total assets less current liabilities</b>		<u>8,292,457</u>	<u>5,128,141</u>
<b>Net assets</b>		<u>8,292,457</u>	<u>5,128,141</u>
<b>Capital and reserves</b>			
Called up share capital	14	100	100
Profit and loss account		<u>8,292,357</u>	<u>5,128,041</u>
		<u>8,292,457</u>	<u>5,128,141</u>

These financial statements of Sangers (Northern Ireland) Limited, company registration number NI018941, were approved by the Board of Directors and authorised for issue on 26<sup>th</sup> March 2021 and signed on their behalf by:



**D Jackson**  
Director

## Sangers (Northern Ireland) Limited

### Statement of changes in equity

	Share capital £	Profit and loss account £	Total £
<b>Balance at 1 April 2018</b>	<b>100</b>	<b>2,610,306</b>	<b>2,610,406</b>
Profit for the year	-	2,517,735	2,517,735
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>2,517,735</b>	<b>2,517,735</b>
<b>Balance at 31 March 2019</b>	<b>100</b>	<b>5,128,041</b>	<b>5,128,141</b>
Profit for the year	-	3,164,316	3,164,316
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>3,164,316</b>	<b>3,164,316</b>
<b>Balance at 31 March 2020</b>	<b>100</b>	<b>8,292,357</b>	<b>8,292,457</b>



# **Sangers (Northern Ireland) Limited**

## **Notes to the financial statements for the year ended 31 March 2020**

### **1. General information**

Sangers (Northern Ireland) Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and is domiciled in the UK and registered in Northern Ireland (Number: NI018941). The registered office address is 2 Marshalls Road, Belfast, Northern Ireland, BT5 6SR.

The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 5.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest thousand.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements because it is included 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.

#### ***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 2019 have been adopted in the current year. The application of these specific Standards and Interpretations has not had a material effect on the Company.

- IFRS 16, Leases
- Amendments to IFRS 9 Prepayments Features with Negative Compensation;
- Amendments to IAS 28 Long-term Interest in Associates and Joint Ventures;
- Annual Improvements to IFRS standards 2015-2017 Cycle IAS 12 Income Taxes and IAS 23 Borrowing Costs; and
- IFRIC 23 Uncertainty over income Tax Treatments;

### **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 FRS101 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.

# **Sangers (Northern Ireland) Limited**

## **Notes to the financial statements for the year ended 31 March 2020 (continued)**

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

#### **Going concern**

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

#### **Investments in subsidiaries and joint ventures**

Investments in subsidiaries and joint ventures are accounted for at cost less, where appropriate, provisions for impairment.

#### **Revenue recognition**

The Company recognises revenue from the following major sources:

- Retail Pharmacy;
- Hospital Pharmacy;
- Wholesalers; and
- Patients.

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 surgical, pharmaceutical and over the counter products to both wholesale and retail customers.

For sales of goods to retail, hospital pharmacy and patients 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 days. 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 revenue.

#### **Taxation**

The taxation expense for the period comprises current and deferred taxation. Income taxation is recognised in the statement of comprehensive income.

#### **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.

# **Sangers (Northern Ireland) Limited**

## **Notes to the financial statements for the year ended 31 March 2020 (continued)**

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

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

##### ***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. 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.

#### **Stocks**

Inventories are valued 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.

#### **Operating profit**

Operating profit is stated before investment income and finance costs.

#### **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.

# Sangers (Northern Ireland) Limited

## Notes to the financial statements for the year ended 31 March 2020 (continued)

### 2. Significant accounting policies (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.

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

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.

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.

# **Sangers (Northern Ireland) Limited**

## **Notes to the financial statements for the year ended 31 March 2020 (continued)**

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

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

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

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. 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.

##### *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.

# Sangers (Northern Ireland) Limited

## Notes to the financial statements for the year ended 31 March 2020 (continued)

### 2. Significant accounting policies (continued)

#### Financial liabilities and equity

##### 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.

##### 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.

## Sangers (Northern Ireland) Limited

### Notes to the financial statements for the year ended 31 March 2020 (continued)

#### 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*

The 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.

##### *Trade debtors and other assets*

Allowances for trade debtors and other assets are based to a large extent on estimates and judgements of individual receivables taking the creditworthiness of the respective customer into account. When measuring allowances, assumptions and estimates play an important role when assessing the probability of utilisation and the obligation amount.

##### *Stocks*

The nature of the stock held consists of a high volume of relatively low value items, some with use by dates and some with seasonal characteristics. The obsolescence calculation is based on the stock holding and anticipated future sales. Allowances are made for obsolete, slow moving and defective stocks. The assumptions used in estimating allowances are reviewed at each reporting date.

#### 4. Turnover

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

	Year ended 31 March 2020 £	Year ended 31 March 2019 £
Continuing operations		
Sales of goods	41,658,505	39,755,005

## **Sangers (Northern Ireland) Limited**

### **Notes to the financial statements for the year ended 31 March 2020 (continued)**

#### **5. Profit for the financial year**

Profit for the year has been arrived at after charging:

	<b>Year ended 31 March 2020 £</b>	<b>Year ended 31 March 2019 £</b>
Fees payable to the Company's auditor for the audit of the annual financial statements	<u>26,250</u>	<u>25,000</u>

There were no employees in the Company for the year ended 31 March 2020 (2019: nil). The directors of the company in the current and prior year are also paid directors of other group companies and no apportionment is practicable.

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. Interest receivable and similar income**

	<b>Year ended 31 March 2020 £</b>	<b>Year ended 31 March 2019 £</b>
Bank interest	<u>68,180</u>	<u>36,405</u>
	<u>68,180</u>	<u>36,405</u>

#### **7. Interest payable and similar charges**

	<b>Year ended 31 March 2020 £</b>	<b>Year ended 31 March 2019 £</b>
Interest payable to group companies	<u>9,907</u>	<u>201,814</u>
	<u>9,907</u>	<u>201,814</u>



## Sangers (Northern Ireland) Limited

### Notes to the financial statements for the year ended 31 March 2020 (continued)

#### 8. Tax

	Year ended 31 March 2020 £	Year ended 31 March 2019 £
Corporation tax:		
UK corporation tax	718,164	580,976
Adjustments in respect of prior years	(102,928)	-
	<u>615,236</u>	<u>580,976</u>
Deferred tax: (note 13):		
Adjustments in respect of prior years	-	(69,045)
Relating to origin and reversal of temporary differences	(53)	(5,756)
	<u>615,183</u>	<u>506,175</u>

Corporation tax is calculated at 19% per cent (2019: 19%) of the estimated taxable profit for the year.

Factors affecting tax charge for future years.

Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 31 March 2019 had been calculated at this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the year end.

Furthermore, in the March 2021 Budget it was announced that the main rate of UK corporation tax will increase to 25% from 1 April 2023. As the proposal had not been substantively enacted at the balance sheet date, its effects are not included. If the amended tax rate had been used, the deferred tax asset would have been £35,225 higher.

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

	Year ended 31 March 2020 £	Year ended 31 March 2019 £
Profit before tax	3,779,499	3,023,910
Tax at the UK corporation tax rate of 19% (2019: 19%)	718,105	574,543
Other permanent differences	6	677
Adjustments in respect of prior years	(102,928)	(69,045)
Tax expense for the year	<u>615,183</u>	<u>506,175</u>

# Sangers (Northern Ireland) Limited

## Notes to the financial statements for the year ended 31 March 2020 (continued)

### 9. Fixed asset investments

	31 March 2020 £	31 March 2019 £
Subsidiaries	777,902	777,902
Joint ventures	-	1
	<u>777,902</u>	<u>777,903</u>
<b>Subsidiaries</b>		
		£
<b>Cost</b>		
At 1 April 2019 and 31 March 2020		<u>779,770</u>
<b>Provisions for impairment</b>		
At 1 April 2019 and 31 March 2020		<u>(1,868)</u>
<b>Carrying amount</b>		
At 31 March 2019 and 31 March 2020		<u>777,902</u>
<b>Joint ventures</b>		
		£
<b>Cost</b>		
At 1 April 2019		1
Disposal		(1)
At 31 March 2020		<u>-</u>

The Company has investments in the following subsidiary undertakings, associates and other investments.

	Registered office address	Principal Activity	Holding*
<b>Subsidiary undertakings</b>			
Blackstaff Pharmaceuticals Limited	Sapphire Court, Walsgrave Triangle, Coventry, England, CV2 2TX	Dormant	100%*
J Bradbury Surgical Limited	2 Marshalls Road, Belfast, Northern Ireland, BT5 6SR	Dormant	100%*
Prima Brands Limited	2 Marshalls Road, Belfast, Northern Ireland, BT5 6SR	Wholesale of pharmaceutical goods	100%*

\*Held directly by Sangers (Northern Ireland) Limited.

The Company's investment in 50% of the shares of Pharma Services (NI) Limited (registered office address: 2 Marshalls Road, Belfast, Northern Ireland, BT5 6SR) were transferred to AAH Pharmaceuticals Limited on 26 July 2019.

Blackstaff Pharmaceuticals Limited was dissolved on 19 January 2021. The value of the investment was £1,000.

# Sangers (Northern Ireland) Limited

## Notes to the financial statements for the year ended 31 March 2020 (continued)

### 10. Stocks

	31 March 2020 £	31 March 2019 £
Finished goods	3,995,117	4,702,687
	<u>3,995,117</u>	<u>4,702,687</u>

### 11. Debtors

	31 March 2020 £	31 March 2019 £
Amounts falling due within one year:		
Trade debtors	5,012,403	4,330,277
Amounts owed by group undertakings	1,216,148	2,054,720
Other debtors	3,133,077	2,065,863
Deferred tax (note 13)	74,854	74,801
Prepayments and accrued income	22,019	3,952
	<u>9,458,501</u>	<u>8,529,613</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

### 12. Creditors

	31 March 2020 £	31 March 2019 £
Amounts falling due within one year:		
Trade creditors	5,091,247	6,129,943
Amounts owed to group undertakings	3,391,672	8,653,706
VAT, Other taxes and social security	372,750	365,183
Other creditors	280,128	15,467
Corporation tax	988,409	893,515
Accruals and deferred income	482,791	352,716
	<u>10,606,997</u>	<u>16,410,530</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

## Sangers (Northern Ireland) Limited

### Notes to the financial statements for the year ended 31 March 2020 (continued)

#### 13. 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 period.

	Accelerated tax depreciation £	Revaluation of fixed assets £	Other timing differences £	Total £
At 1 April 2018	-	-	-	-
Credit to profit or loss	-	-	(5,756)	(5,756)
Adjustments in respect of prior years	-	-	(69,045)	(69,045)
At 31 March 2019	-	-	(74,801)	(74,801)
Credit to profit or loss	-	-	(53)	(53)
At 31 March 2020	-	-	(74,854)	(74,854)

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 2020 £	31 March 2019 £
Deferred tax assets	74,854	74,801
	<u>74,854</u>	<u>74,801</u>

#### 14. Share capital

	31 March 2020 £	31 March 2019 £
Issued and fully paid: 100 shares of £1 each	100	100
	<u>100</u>	<u>100</u>

## **Sangers (Northern Ireland) Limited**

### **Notes to the financial statements for the year ended 31 March 2020 (continued)**

#### **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 6555 State Hwy 161, Irving, TX 75039. The parent undertaking of the smallest such group is McKesson Europe 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 Europe AG are available from each company's registered address. The Company's immediate controlling party is AAH Pharmaceuticals Limited.

#### **16. Subsequent events**

The United Kingdom ("UK") entered into a trading arrangement with the European Union ("EU") on 31 December 2020.

Under this arrangement, goods trade costs are likely to increase due to customs compliance requirements, potential border delays, rules of origin requirements and the need for products to satisfy different regulations and standards in the UK than the EU. The principal risks we face are around ensuring uninterrupted supply of pharmaceutical and medical products to patients and customers under a changed legal and regulatory environment as the EU medicine approval regime is now no longer recognized by the UK.

In addition, Northern Ireland ("NI") remains aligned to EU regulatory frameworks. We continue to explore the ways in which the UK will be required to apply EU regulations in NI through discussions with the UK Government and relevant trade associations, as certain derogations expire at the end of 2021.

The agreement does not guarantee mutual recognition of professional and sector-specific qualifications which will restrict labour mobility, including, but limited to, pharmacists and nurses that we, or our customers, employ.

The risk of fluctuations in exchange rates have the potential to cause business disruption and profitability impacts.

The company continues to seek advice and clarification from the Government regarding ongoing negotiations to enhance the trading agreement and mitigate the above risks. Mitigating actions have been implemented to secure supply and minimise business disruption.