

Company Registration No. SC228623 (Scotland)

RIGHT MEDICINE PHARMACY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019

RIGHT MEDICINE PHARMACY LIMITED

COMPANY INFORMATION

Directors	Mr N Wicks Mr M Embrey Mr J Burton
Secretary	Mrs E Embrey
Company number	SC228623
Registered office	Unit 79-81 Bandeath Industrial Estate Throsk Stirling FK7 7NP
Auditor	Thomson Cooper 3 Castle Court Carnegie Campus Dunfermline Fife KY11 8PB
Bankers	Bank of Scotland Plc Teviot House 41 South Gyle Crescent Edinburgh EH12 9DR
Solicitors	Aberdein Considine 23 Port Street Stirling FK6 2EJ

RIGHT MEDICINE PHARMACY LIMITED

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RIGHT MEDICINE PHARMACY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2019

The directors present the strategic report for the year ended 28 February 2019.

Fair review of the business

The principal activity of the group during the year was to provide the service of dispensing chemists and to retail medical and orthopaedic goods.

This year has proved to be another strong year of trading as shown in the financial results reported.

This year has shown improved margins which are attributed to maintaining the core business and the effective execution of buying strategy.

Since year end the group have continued to grow with the acquisition of a further pharmacy.

Principal risks and uncertainties

The directors are ultimately responsible for the system of internal control, which covers all aspects of the business, and for reviewing its effectiveness. However, any such system is designed to manage, rather than eliminate, the risk of failure to achieve the group's objectives. Therefore any system is only able to provide reasonable, and not absolute assurance against material misstatement or loss. The directors regularly review the risks to which the group is exposed, as well as the operation and effectiveness of the system of internal controls. This is an ongoing process, involving the identification, evaluation and management of the significant risks faced by the group.

Risks are assessed on a regular basis across all areas but, in particular, health and safety, information flow, asset protection and regulatory requirements.

Key performance indicators

The key financial indicators used by the directors are detailed below:

	2019	2018	2017
	£'000	£'000	£'000
Turnover	16,439	15,400	13,835
Gross Profit	6,544	5,414	4,996
Operating Profit	1,233	759	1,071

The directors also make use of a number of monthly non-financial metrics based around the NHS service provision to provide insight and assist decision making within the group.

Other events during the year

During the year AMR Drug Company Limited and John Kennedy (Pharmacy) Limited were hived up into Web Pharmacy Limited.

On behalf of the board

Mr N Wicks

Director

16 October 2019

RIGHT MEDICINE PHARMACY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2019

The directors present their annual report and financial statements for the year ended 28 February 2019.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr N Wicks
Mr M Embrey
Mr J Burton
Mr M Embrey

Results and dividends

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

Ordinary dividends were paid amounting to £188,000. The directors do not recommend payment of a further dividend.

Post reporting date events

On 2 May 2019 Right Medicine Pharmacy Limited purchased 100% of the share capital in Tinkler Limited and Tinkler Edinburgh Limited.

Auditor

Thomson Cooper were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

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 (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the principal activities, business review and principal risks and uncertainties of the group.

RIGHT MEDICINE PHARMACY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2019

Statement of disclosure to auditor

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

On behalf of the board

Mr N Wicks

Director

16 October 2019

RIGHT MEDICINE PHARMACY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RIGHT MEDICINE PHARMACY LIMITED

Opinion

We have audited the financial statements of Right Medicine Pharmacy Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 28 February 2019 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 28 February 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the 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 this regard.

RIGHT MEDICINE PHARMACY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF RIGHT MEDICINE PHARMACY LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

RIGHT MEDICINE PHARMACY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF RIGHT MEDICINE PHARMACY LIMITED

Other matters which we are required to address

The financial statements of Right Medicine Pharmacy Limited for the year ended 28 February 2018 were audited by Condie & Co who expressed an unmodified opinion on those statements on 26 October 2018.

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.

Sharon Collins (Senior Statutory Auditor)
for and on behalf of
Thomson Cooper
Chartered Accountants & Statutory Auditor

28 October 2019

RIGHT MEDICINE PHARMACY LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2019

	Notes	2019 £	2018 £
Turnover	3	16,438,815	15,400,251
Cost of sales		(9,894,439)	(9,986,296)
Gross profit		6,544,376	5,413,955
Administrative expenses		(5,363,388)	(4,704,796)
Other operating income		51,603	49,853
Operating profit	4	1,232,591	759,012
Share of results of associates and joint ventures		2,725	(24,687)
Interest receivable and similar income	8	4,731	5,040
Interest payable and similar expenses	9	(265,760)	(216,021)
Amounts written off investments	10	(1)	-
Profit before taxation		974,286	523,344
Tax on profit	11	(318,284)	(218,938)
Profit for the financial year	29	656,002	304,406
Profit for the financial year is attributable to:			
- Owners of the parent company		603,304	55,760
- Non-controlling interests		52,698	248,646
		656,002	304,406
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		603,304	55,760
- Non-controlling interests		52,698	248,646
		656,002	304,406

RIGHT MEDICINE PHARMACY LIMITED

GROUP BALANCE SHEET

AS AT 28 FEBRUARY 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Goodwill	13	8,868,545		6,582,066	
Tangible assets	14	2,137,649		1,237,912	
Investment properties	15	150,000		150,000	
			11,156,194		7,969,978
Current assets					
Stocks	20	1,105,127		1,036,188	
Debtors	21	2,022,017		1,585,829	
Cash at bank and in hand		1,514,787		1,365,469	
		4,641,931		3,987,486	
Creditors: amounts falling due within one year	22	(3,778,370)		(3,162,388)	
Net current assets			863,561		825,098
Total assets less current liabilities			12,019,755		8,795,076
Creditors: amounts falling due after more than one year	23	(9,356,173)		(6,612,378)	
Provisions for liabilities	25	(93,683)		(80,801)	
Net assets			2,569,899		2,101,897
Capital and reserves					
Called up share capital	28	95		95	
Capital redemption reserve	29	5		5	
Profit and loss reserves	29	1,988,247		1,572,943	
Equity attributable to owners of the parent company			1,988,347		1,573,043
Non-controlling interests			581,552		528,854
			2,569,899		2,101,897

The financial statements were approved by the board of directors and authorised for issue on 16 October 2019 and are signed on its behalf by:

Mr N Wicks

Director

RIGHT MEDICINE PHARMACY LIMITED

COMPANY BALANCE SHEET

AS AT 28 FEBRUARY 2019

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Goodwill	13		3,757,385		2,498,789
Tangible assets	14		478,673		356,803
Investments	16		21		22
			<u>4,236,079</u>		<u>2,855,614</u>
Current assets					
Stocks	20	573,131		532,293	
Debtors	21	1,397,889		1,197,955	
Cash at bank and in hand		1,067,149		940,755	
		<u>3,038,169</u>		<u>2,671,003</u>	
Creditors: amounts falling due within one year	22	<u>(1,853,407)</u>		<u>(1,540,803)</u>	
Net current assets			<u>1,184,762</u>		<u>1,130,200</u>
Total assets less current liabilities			<u>5,420,841</u>		<u>3,985,814</u>
Creditors: amounts falling due after more than one year	23		<u>(3,225,570)</u>		<u>(2,145,352)</u>
Provisions for liabilities	26		<u>(32,965)</u>		<u>(17,490)</u>
Net assets			<u><u>2,162,306</u></u>		<u><u>1,822,972</u></u>
Capital and reserves					
Called up share capital	28		95		95
Capital redemption reserve	29		5		5
Profit and loss reserves	29		2,162,206		1,822,872
Total equity			<u><u>2,162,306</u></u>		<u><u>1,822,972</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £527,334 (2018 - £315,023 profit).

The financial statements were approved by the board of directors and authorised for issue on 16 October 2019 and are signed on its behalf by:

Mr N Wicks
Director

Company Registration No. SC228623

RIGHT MEDICINE PHARMACY LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2019

	Share capital	Capital redemption reserve	Profit and loss reserves	Non-controlling interest	Total
Notes	£	£	£	£	£
Balance at 1 March 2017	95	5	1,714,683	1,714,783	280,208
Year ended 28 February 2018:					
Profit and total comprehensive income for the year	-	-	55,760	55,760	248,646
Dividends	-	-	(197,500)	(197,500)	(197,500)
Balance at 28 February 2018	95	5	1,572,943	1,573,043	528,854
Year ended 28 February 2019:					
Profit and total comprehensive income for the year	-	-	603,304	603,304	52,698
Dividends	-	-	(188,000)	(188,000)	(188,000)
Balance at 28 February 2019	95	5	1,988,247	1,988,347	581,552
					2,569,899

RIGHT MEDICINE PHARMACY LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2019

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 March 2017		95	5	1,705,349	1,705,449
Year ended 28 February 2018:					
Profit and total comprehensive income for the year		-	-	315,023	315,023
Dividends	12	-	-	(197,500)	(197,500)
Balance at 28 February 2018		95	5	1,822,872	1,822,972
Year ended 28 February 2019:					
Profit and total comprehensive income for the year		-	-	527,334	527,334
Dividends	12	-	-	(188,000)	(188,000)
Balance at 28 February 2019		95	5	2,162,206	2,162,306

RIGHT MEDICINE PHARMACY LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2019

		2019	2018
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	34	1,761,425	1,772,621
Interest paid		(265,760)	(216,021)
Income taxes paid		(197,966)	(375,472)
Net cash inflow from operating activities		1,297,699	1,181,128
Investing activities			
Purchase of intangible assets		(3,121,214)	(679,500)
Purchase of tangible fixed assets		(693,965)	(169,602)
Proceeds on disposal of tangible fixed assets		5,456	8,426
Purchase of investment property		(150,000)	-
Proceeds on disposal of associates		7,419	-
Proceeds from other investments and loans		(8,635)	(64,890)
Interest received		4,731	5,040
Net cash used in investing activities		(3,956,208)	(900,526)
Financing activities			
Repayment of bank loans		2,995,827	153,274
Dividends paid to equity shareholders		(188,000)	(197,500)
Net cash generated from/(used in) financing activities		2,807,827	(44,226)
Net increase in cash and cash equivalents		149,318	236,376
Cash and cash equivalents at beginning of year		1,365,469	1,129,093
Cash and cash equivalents at end of year		1,514,787	1,365,469

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2019

1 Accounting policies

Company information

Right Medicine Pharmacy Limited ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is .

The group consists of Right Medicine Pharmacy Limited and its subsidiary, Web Pharmacy Limited.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of Right Medicine Pharmacy Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 28 February 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2019

1 Accounting policies

(Continued)

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the minority interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

1.3 Going concern

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

1.4 Turnover

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

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

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years. Goodwill arising on group reorganisations is amortised over a 20 year period.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Tangible fixed assets

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

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2019

1 Accounting policies

(Continued)

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

Heritable Property	2% straight line
Leasehold land and buildings	10% straight line
Plant and machinery	33% straight line
Fixtures and fittings	20%/25% straight line
Office equipment	30%/33% straight line
Motor vehicles	33% straight line

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

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2019

1 Accounting policies

(Continued)

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.9 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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.

1.10 Stocks

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

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

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

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

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2019

1 Accounting policies

(Continued)

1.12 Financial instruments

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

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2019

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

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

1.14 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2019

1 Accounting policies

(Continued)

1.15 Provisions

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

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

1.16 Employee benefits

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

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

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

1.17 Retirement benefits

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

1.18 Leases

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

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

	2019	2018
	£	£
Turnover analysed by class of business		
Sale of goods	16,438,815	15,400,251

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2019

3 Turnover and other revenue (Continued)

	2019	2018
	£	£
Other significant revenue		
Interest income	4,731	5,040
Rental income arising from investment properties	21,300	25,200
Interest income	-	5,040
Management charges receivable	21,493	20,841
Other income	-	3,712
	<u> </u>	<u> </u>

4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	118,890	83,180
Profit on disposal of tangible fixed assets	(38,221)	(227)
Amortisation of intangible assets	834,735	677,743
Cost of stocks recognised as an expense	10,316,405	10,181,877
Operating lease charges	226,491	264,901
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2019	2018
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	7,000	7,000
Audit of the financial statements of the company's subsidiaries	9,318	6,594
	<u> </u>	<u> </u>
	16,318	13,594
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Administrative Staff	177	160	97	87
Social security costs	3	3	3	3
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	180	163	100	90
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2019

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	3,084,557	2,699,165	1,594,249	1,504,592
Social security costs	215,686	191,782	115,889	110,494
Pension costs	154,129	124,727	129,444	118,245
	<u>3,454,372</u>	<u>3,015,674</u>	<u>1,839,582</u>	<u>1,733,331</u>

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	25,206	24,456
Company pension contributions to defined contribution schemes	110,000	110,000
	<u>135,206</u>	<u>134,456</u>

8 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	-	10
Other interest income	4,731	5,030
Total income	<u>4,731</u>	<u>5,040</u>

9 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and loans	265,760	215,926
Other interest on financial liabilities	-	95
Total finance costs	<u>265,760</u>	<u>216,021</u>

10 Amounts written off investments

	2019 £	2018 £
Amounts written off investments held at fair value	(1)	-

Amounts written off investments represent the disposal of the group's investment in Carcrow Limited.

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2019

11 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	306,272	212,093
Adjustments in respect of prior periods	-	181
Total current tax	306,272	212,274
Deferred tax		
Origination and reversal of timing differences	12,012	6,664
Total tax charge	318,284	218,938

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	974,286	523,344
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	185,114	99,435
Tax effect of expenses that are not deductible in determining taxable profit	134,903	102,379
Unutilised tax losses carried forward	892	-
Effect of change in corporation tax rate	-	(355)
Permanent capital allowances in excess of depreciation	(14,804)	17,297
Other permanent differences	167	-
Under/(over) provided in prior years	-	182
Deferred tax adjustments in respect of prior years	(3,878)	-
Deferred tax	15,890	-
Taxation charge	318,284	218,938

12 Dividends

	2019 £	2018 £
Final paid	188,000	197,500

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2019

13 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 March 2018	9,829,851
Additions - separately acquired	3,121,214
At 28 February 2019	12,951,065
Amortisation and impairment	
At 1 March 2018	3,247,785
Amortisation charged for the year	834,735
At 28 February 2019	4,082,520
Carrying amount	
At 28 February 2019	8,868,545
At 28 February 2018	6,582,066
Company	Goodwill £
Cost	
At 1 March 2018	4,890,413
Additions - separately acquired	1,527,059
At 28 February 2019	6,417,472
Amortisation and impairment	
At 1 March 2018	2,391,624
Amortisation charged for the year	268,463
At 28 February 2019	2,660,087
Carrying amount	
At 28 February 2019	3,757,385
At 28 February 2018	2,498,789

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

14 Tangible fixed assets								
Group	Heritable Property	Leasehold land and buildings	Plant and machinery	Fixtures and fittings	Office equipment	Motor vehicles	Total	
Cost	£	£	£	£	£	£	£	£
At 1 March 2018	1,118,886	22,071	7,789	390,916	227,387	107,825	1,874,874	
Additions	617,634	7,500	-	68,628	116,106	34,097	843,965	
Business combinations	135,000	-	-	48,201	7,295	-	190,496	
Disposals	-	-	-	-	-	(45,108)	(45,108)	
At 28 February 2019	1,871,520	29,571	7,789	507,745	350,788	96,814	2,864,227	
Depreciation and impairment								
At 1 March 2018	84,244	22,071	7,788	313,492	164,807	44,560	636,962	
Depreciation charged in the year	30,878	625	-	21,940	51,692	13,755	118,890	
Eliminated in respect of disposals	-	-	-	-	-	(29,274)	(29,274)	
At 28 February 2019	115,122	22,696	7,788	335,432	216,499	29,041	726,578	
Carrying amount								
At 28 February 2019	1,756,398	6,875	1	172,313	134,289	67,773	2,137,649	
At 28 February 2018	1,034,642	-	1	77,424	62,580	63,265	1,237,912	

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2019

Company	Heritable Property	Leasehold land and buildings	Fixtures and fittings	Office equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 March 2018	277,283	22,071	310,003	163,492	81,609	854,458
Additions	-	7,500	67,864	89,816	22,798	187,978
Disposals	-	-	-	-	(33,908)	(33,908)
At 28 February 2019	277,283	29,571	377,867	253,308	70,499	1,008,528
Depreciation and impairment						
At 1 March 2018	45,310	22,071	270,129	128,890	31,255	497,655
Depreciation charged in the year	5,546	625	7,520	32,508	7,808	54,007
Eliminated in respect of disposals	-	-	-	-	(21,807)	(21,807)
At 28 February 2019	50,856	22,696	277,649	161,398	17,256	529,855
Carrying amount						
At 28 February 2019	226,427	6,875	100,218	91,910	53,243	478,673
At 28 February 2018	231,973	-	39,874	34,602	50,354	356,803

15 Investment property

	Group 2019 £	Company 2019 £
Fair value		
At 1 March 2018 and 28 February 2019	-	-
Additions through business combinations	150,000	-
At 28 February 2019	150,000	-

The fair value of the investment property has been arrived at on the basis of a valuation carried out at 3 March 2015 by Allied Scotland, Chartered Surveyors, who are not connected with the group. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties. The directors do not consider there to have been any material change in the value of the property since this date.

16 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in associates	18	-	-	21	22

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2019

16	Fixed asset investments	(Continued)
Movements in fixed asset investments		
Company		Shares in group undertakings and participating interests
		£
Cost or valuation		
At 1 March 2018		22
Disposals		(1)
		<hr/>
At 28 February 2019		21
		<hr/>
Carrying amount		
At 28 February 2019		21
		<hr/>
At 28 February 2018		22
		<hr/>

17 Subsidiaries

Details of the company's subsidiaries at 28 February 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
AMR Drug Co Limited	United Kingdom	Dispensing chemist	Ordinary shares	100.00	
Web Pharmacy Limited	United Kingdom	Dispensing chemist	Ordinary shares	58.33	
John Kennedy (Pharmacy) Limited	United Kingdom	Dispensing chemist	Ordinary shares	100.00	

On 6 April 2018 Web Pharmacy Limited acquired the share capital of John Kennedy (Pharmacy) Limited.

On 30 September 2018 the assets and liabilities of John Kennedy (Pharmacy) Limited and AMR Drug Company Limited were hived up into Web Pharmacy Limited. Both companies were then dissolved on 27 August 2019.

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2019

18 Associates

Details of associates at 28 February 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
HKPC Limited	United Kingdom	Dispensing chemist	Ordinary shares	50.00	

During the year the group disposed of its interest in Carcrow Limited.

19 Financial instruments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,715,003	1,342,437	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	12,865,899	9,629,532	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

20 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Finished goods and goods for resale	1,105,127	1,036,188	573,131	532,293

Stock with a carrying value of £1,105,127 (2018 - £1,036,188) is pledged as security for the group's bank loans.

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2019

21 Debtors

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,466,984	1,147,804	883,740	579,467
Amounts owed by group undertakings	-	-	104,138	305,293
Amounts owed by undertakings in which the company has a participating interest	18,396	2,673	18,396	2,673
Other debtors	401,850	316,210	297,488	249,693
Prepayments and accrued income	134,787	119,142	94,127	60,829
	<u>2,022,017</u>	<u>1,585,829</u>	<u>1,397,889</u>	<u>1,197,955</u>

22 Creditors: amounts falling due within one year

	Notes	Group 2019	2018	Company 2019	2018
		£	£	£	£
Bank loans	24	889,848	637,816	458,344	329,557
Trade creditors		2,236,015	2,018,603	1,180,177	1,083,300
Amounts owed to group undertakings		-	-	-	6,708
Corporation tax payable		214,064	105,758	78,915	23,104
Other taxation and social security		54,580	39,476	31,030	22,846
Other creditors		187,338	160,243	23,432	20,438
Accruals and deferred income		196,525	200,492	81,509	54,850
		<u>3,778,370</u>	<u>3,162,388</u>	<u>1,853,407</u>	<u>1,540,803</u>

The Bank of Scotland Plc holds legal charges over all property and undertakings of the group. The Bank of Scotland Plc also holds various standard securities and floating charges over the heritable property owned by the group.

23 Creditors: amounts falling due after more than one year

	Notes	Group 2019	2018	Company 2019	2018
		£	£	£	£
Bank loans and overdrafts	24	9,216,173	6,472,378	3,225,570	2,145,352
Other creditors		140,000	140,000	-	-
		<u>9,356,173</u>	<u>6,612,378</u>	<u>3,225,570</u>	<u>2,145,352</u>

The Bank of Scotland Plc holds legal charges over all property and undertakings of the group. The Bank of Scotland Plc also holds various standard securities, floating charges and negative pledges over the heritable property owned by the group.

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2019

23 Creditors: amounts falling due after more than one year (Continued)

Amounts included above which fall due after five years are as follows:

Payable by instalments	5,786,546	3,548,674	1,637,944	552,666
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

24 Loans and overdrafts

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	10,106,021	7,110,194	3,683,914	2,474,909
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Payable within one year	889,848	637,816	458,344	329,557
Payable after one year	9,216,173	6,472,378	3,225,570	2,145,352
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The following securities are held in respect of the company bank loans: The Bank of Scotland Plc hold legal charges dated 7th May 2013 and 27th May 2013 over all of the heritable property owned by the company.

The following securities have been granted by Web Pharmacy Limited: The Bank of Scotland Plc hold a legal charge dated 10th October 2014 over all property and undertakings of the company. The Bank of Scotland Plc also holds various standard securities over the heritable property owned by the company.

The company has several fixed interest and variable interest term loans which attract fixed interest at rates of between 3.64%-3.80% and variable interest rates of 2.0%-2.1% over base rate.

The subsidiaries have term loans on which interest is charged at 2-4% over base rate payable monthly in arrears.

25 Provisions for liabilities

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Interest in net liabilities of associates		48,564	51,290	-	-
Deferred tax liabilities	26	45,119	29,511	32,965	17,490
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
		93,683	80,801	32,965	17,490
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2019

25 Provisions for liabilities

(Continued)

Movements on provisions apart from deferred tax liabilities:

Group	Interest in net liabilities of associates £
At 1 March 2018	51,290
Additional provisions in the year	4,696
Reversal of provision	(7,422)
At 28 February 2019	48,564

26 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2019 £	Liabilities 2018 £
Accelerated capital allowances	45,119	29,511
	<u>45,119</u>	<u>29,511</u>
Company	Liabilities 2019 £	Liabilities 2018 £
Accelerated capital allowances	32,965	17,490
	<u>32,965</u>	<u>17,490</u>
Movements in the year:	Group 2019 £	Company 2019 £
Liability at 1 March 2018	29,511	17,490
Charge to profit or loss	15,608	15,475
Liability at 28 February 2019	<u>45,119</u>	<u>32,965</u>

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2019

27 Retirement benefit schemes

	2019	2018
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	154,129	124,727

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

28 Share capital

	Group and company	
	2019	2018
Ordinary share capital	£	£
Issued and fully paid		
95 Ordinary shares of £1 each	95	95

29 Reserves

Equity reserve

Share capital account - This reserve records the nominal value of shares that have been issued.

Profit and loss account - This reserve records retained earnings and accumulated losses. This reserve also includes a revaluation reserve of £70,691 which is non-distributable.

Capital redemption reserve

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

30 Operating lease commitments

Lessee

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

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Within one year	85,327	122,611	73,927	77,094
Between two and five years	281,136	353,196	235,536	264,263
In over five years	316,983	371,783	286,633	331,833
	683,446	847,590	596,096	673,190

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2019

30 Operating lease commitments

(Continued)

Lessor

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Within one year	7,200	7,200	-	-
Between two and five years	17,400	27,000	-	-
	<u>24,600</u>	<u>34,200</u>	<u>-</u>	<u>-</u>

31 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Acquisition of tangible fixed assets	96,000	-	96,000	-
	<u>96,000</u>	<u>-</u>	<u>96,000</u>	<u>-</u>

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2019

32 Related party transactions

Group

At 28 February 2019 the group owed £300,043 (2018: £280,870) to Cross Healthcare Limited a company which owns a minority interest in Web Pharmacy Limited.

Company

During the year the company sold goods £634,848 (2018: £211,229) and made purchases of £81,346 (2018: £42,798) from Web Pharmacy Limited. At 28 February 2019 the company was owed £246,953 (2018: £303,602).

33 Directors' transactions

Dividends totalling £188,000 (2018 - £197,500) were paid in the year in respect of shares held by the company's directors.

34 Cash generated from group operations

	2019 £	2018 £
Profit for the year after tax	656,002	304,406
Adjustments for:		
Share of results of associates and joint ventures	(2,725)	24,687
Taxation charged	318,284	218,938
Finance costs	265,760	216,021
Investment income	(4,731)	(5,040)
Gain on disposal of tangible fixed assets	(38,221)	(227)
Amortisation and impairment of intangible assets	834,735	677,743
Depreciation and impairment of tangible fixed assets	118,890	83,184
Amounts written off investments	1	-
Decrease in provisions	(7,422)	-
Movements in working capital:		
Increase in stocks	(68,939)	(13,212)
(Increase)/decrease in debtors	(436,188)	272,215
Increase/(decrease) in creditors	125,979	(6,094)
Cash generated from operations	1,761,425	1,772,621

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