

Company registration number SC228623 (Scotland)

RIGHT MEDICINE PHARMACY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

RIGHT MEDICINE PHARMACY LIMITED

COMPANY INFORMATION

Directors	Mr N Wicks Mr M Embrey Mr J Burton Mr M Embrey
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	Aberdeen 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 2022

The directors present the strategic report for the year ended 28 February 2022.

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:

	2022	2021	2020	2019
	£'000	£'000	£'000	£'000
Turnover	26,994	22,038	19,625	16,439
Gross Profit	10,276	8,853	7,480	6,544
Operating Profit	1,585	2,306	686	1,233

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.

On behalf of the board

Mr N Wicks

Director

2 November 2022

RIGHT MEDICINE PHARMACY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2022

The directors present their annual report and financial statements for the year ended 28 February 2022.

Results and dividends

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

Ordinary dividends were paid amounting to £190,000. The directors do not recommend payment of a further dividend.

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

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 ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and 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.

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.

RIGHT MEDICINE PHARMACY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

On behalf of the board

Mr N Wicks

Director

2 November 2022

RIGHT MEDICINE PHARMACY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RIGHT MEDICINE PHARMACY LIMITED

Opinion

We have audited the revised financial statements of Right Medicine Pharmacy Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 28 February 2021 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 revised financial statements, including 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 revised 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 2022 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 revised 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 revised 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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.

RIGHT MEDICINE PHARMACY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF RIGHT MEDICINE PHARMACY LIMITED

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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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 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 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We considered the opportunities and incentives that may exist within the group for fraud and identified the greatest potential for fraud in the following areas; existence and timing of recognition of income, posting of unusual journals along with complex transactions and non-compliance with laws and regulations. We discussed these areas in detail with management and designed audit procedures to test the timing and existence of revenue, carried out analytical review and reviewed the internal controls in place and asked questions of management with regard laws and regulations.

We discussed with management the laws and regulations as being significant to the company and the group and whether there had been any breaches or litigation. The group and company are not considered to be in a particularly regulated industry which has reduced the level of risk.

RIGHT MEDICINE PHARMACY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF RIGHT MEDICINE PHARMACY LIMITED

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussions with management (as required by the auditing standards).

We reviewed the laws and regulations in areas that directly affect the financial statements including applicable company law and considered the extent of compliance with those laws and regulations as part of our procedures of the related financial statement items,

With the exception of the known or possible non-compliance with relevant and significant laws and regulations, and as required by the auditing standards, our work in respect of these was limited to enquiry of the officers and management of the company.

We communicated identified laws and regulations and potential fraud risks throughout our team and remained alert to any indications of non-compliance or fraud throughout the audit. However, the primary responsibility for the prevention and detection of fraud rests with the directors.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

Sharon Collins (Senior Statutory Auditor)

For and on behalf of Thomson Cooper, Statutory Auditor
Dunfermline

7 November 2022

RIGHT MEDICINE PHARMACY LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Notes	2022 £	2021 £
Turnover	2	26,994,212	22,037,515
Cost of sales		(16,717,914)	(13,161,956)
Gross profit		10,276,298	8,875,559
Administrative expenses		(9,103,600)	(7,100,316)
Other operating income		411,825	543,166
Operating profit	3	1,584,523	2,318,409
Share of results of associates		-	48,564
Interest receivable and similar income	7	5,133	12,158
Interest payable and similar expenses	8	(433,867)	(380,664)
Amounts written off investments	9	-	(68,272)
Profit before taxation		1,155,789	1,930,195
Tax on profit	10	(541,248)	(707,402)
Profit for the financial year	25	614,541	1,222,793
Profit for the financial year is attributable to:			
- Owners of the parent company		511,790	948,222
- Non-controlling interests		102,751	274,571
		614,541	1,222,793
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		511,790	948,222
- Non-controlling interests		102,751	274,571
		614,541	1,222,793

The profit and loss account has been prepared on the basis that all operations are continuing operations.

RIGHT MEDICINE PHARMACY LIMITED

GROUP BALANCE SHEET

AS AT 28 FEBRUARY 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Goodwill	12	11,125,774		10,887,375	
Other intangible assets	12	2,217		3,355	
Total intangible assets		11,127,991		10,890,730	
Tangible assets	13	3,701,064		3,745,634	
Investment properties	14	1,895,000		1,895,000	
		16,724,055		16,531,364	
Current assets					
Stocks	17	1,383,623		1,318,651	
Debtors	18	3,417,900		2,174,012	
Cash at bank and in hand		2,790,056		3,321,695	
		7,591,579		6,814,358	
Creditors: amounts falling due within one year	19	(6,098,878)		(5,672,953)	
Net current assets		1,492,701		1,141,405	
Total assets less current liabilities		18,216,756		17,672,769	
Creditors: amounts falling due after more than one year	20	(14,206,457)		(14,094,146)	
Provisions for liabilities					
Deferred tax liability	22	141,850		134,715	
			(141,850)		(134,715)
Net assets		3,868,449		3,443,908	
Capital and reserves					
Called up share capital	24	95		95	
Capital redemption reserve	25	5		5	
Profit and loss reserves	25	2,941,729		2,619,939	
Equity attributable to owners of the parent company		2,941,829		2,620,039	
Non-controlling interests		926,620		823,869	
		3,868,449		3,443,908	

RIGHT MEDICINE PHARMACY LIMITED

GROUP BALANCE SHEET (CONTINUED)

AS AT 28 FEBRUARY 2022

The financial statements were approved by the board of directors and authorised for issue on 2 November 2022 and are signed on its behalf by:

Mr N Wicks
Director

RIGHT MEDICINE PHARMACY LIMITED

COMPANY BALANCE SHEET

AS AT 28 FEBRUARY 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Goodwill	12	4,151,970		4,763,982	
Tangible assets	13	1,912,474		2,063,932	
Investments	15	4,887,358		4,193,198	
		10,951,802		11,021,112	
Current assets					
Stocks	17	853,185		832,472	
Debtors	18	2,968,605		1,328,087	
Cash at bank and in hand		1,620,333		1,988,342	
		5,442,123		4,148,901	
Creditors: amounts falling due within one year	19	(3,895,022)		(4,705,295)	
Net current assets/(liabilities)		1,547,101		(556,394)	
Total assets less current liabilities		12,498,903		10,464,718	
Creditors: amounts falling due after more than one year	20	(7,449,598)		(7,510,113)	
Provisions for liabilities					
Deferred tax liability	22	115,236		114,371	
			(115,236)		(114,371)
Net assets		4,934,069		2,840,234	
Capital and reserves					
Called up share capital	24	95		95	
Capital redemption reserve	25	5		5	
Profit and loss reserves	25	4,933,969		2,840,134	
Total equity		4,934,069		2,840,234	

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 £2,283,835 (2021 - £767,230 profit).

The financial statements were approved by the board of directors and authorised for issue on 2 November 2022 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 2022

	Share capital	Capital redemption reserve	Profit and loss reserves	Total non-controlling interest	Total
Notes	£	£	£	£	£
Balance at 29 February 2020	95	5	1,867,109	1,867,209	549,298
Year ended 28 February 2021:					
Profit and total comprehensive income for the year	-	-	948,222	948,222	274,571
Dividends	-	-	(195,392)	(195,392)	-
Balance at 28 February 2021	95	5	2,619,939	2,620,039	823,869
Year ended 28 February 2022:					
Profit and total comprehensive income for the year	-	-	511,790	511,790	102,751
Dividends	-	-	(190,000)	(190,000)	-
Balance at 28 February 2022	95	5	2,941,729	2,941,829	926,620
					3,868,449

RIGHT MEDICINE PHARMACY LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 29 February 2020		95	5	2,268,297	2,268,397
Year ended 28 February 2021:					
Profit and total comprehensive income for the year		-	-	767,229	767,229
Dividends	11	-	-	(195,392)	(195,392)
Balance at 28 February 2021		95	5	2,840,134	2,840,234
Year ended 28 February 2022:					
Profit and total comprehensive income for the year		-	-	2,283,835	2,283,835
Dividends	11	-	-	(190,000)	(190,000)
Balance at 28 February 2022		95	5	4,933,969	4,934,069

RIGHT MEDICINE PHARMACY LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2022

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	30	2,862,810	4,248,629
Interest paid		(433,867)	(380,664)
Income taxes paid		(784,641)	(464,004)
Net cash inflow from operating activities		1,644,302	3,403,961
Investing activities			
Purchase of intangible assets		(1,816,571)	(2,811,153)
Purchase of tangible fixed assets		(355,085)	(776,762)
Proceeds on disposal of tangible fixed assets		32,501	175,500
Purchase of investment property		-	(1,813,272)
Receipts from associates		-	48,564
Receipts arising from loans made		3,427	7,767
Interest received		5,133	12,158
Net cash used in investing activities		(2,130,595)	(5,157,198)
Financing activities			
Repayment of borrowings		(45,276)	-
Repayment of bank loans		189,930	3,274,313
Dividends paid to equity shareholders		(190,000)	(195,392)
Net cash (used in)/generated from financing activities		(45,346)	3,078,921
Net (decrease)/increase in cash and cash equivalents		(531,639)	1,325,684
Cash and cash equivalents at beginning of year		3,321,695	1,996,011
Cash and cash equivalents at end of year		2,790,056	3,321,695

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2022

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 Unit 79-81, Bandeath Industrial Estate, Throsk, Stirling, FK7 7NP.

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, to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Business combinations

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.

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

1 Accounting policies

(Continued)

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Right Medicine Pharmacy Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 28 February 2022. 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 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. 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.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

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.

1.4 Going concern

At the time of approving the financial statements, the directors expect that the group has adequate resources to continue in operational existence for a period of not less than twelve months. The directors have reviewed their cashflow requirements and are satisfied that both short term liquidity and longer term financial viability is appropriate and as such the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 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.

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

1 Accounting policies

(Continued)

1.6 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.

1.7 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Software	33% Straight Line
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1.8 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.

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.

1.9 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.

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

1 Accounting policies

(Continued)

1.10 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.

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

1.11 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.

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

1 Accounting policies

(Continued)

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.

1.12 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 cost and replacement 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.

1.13 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.

1.14 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.

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

1 Accounting policies

(Continued)

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.

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.

1.15 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.

1.16 Taxation

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

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

1 Accounting policies

(Continued)

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.

1.17 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.

1.18 Retirement benefits

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

1.19 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.

1.20 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

2 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Sale of goods	26,994,212	22,037,515
	2022 £	2021 £
Other revenue		
Interest income	5,133	12,158
Grants received	19,711	292,613

3 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(19,711)	(292,613)
Depreciation of owned tangible fixed assets	359,241	258,875
Loss/(profit) on disposal of tangible fixed assets	7,913	(20,599)
Amortisation of intangible assets	1,579,310	1,501,447
Operating lease charges	245,019	216,310

4 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	10,670	17,145
Audit of the financial statements of the company's subsidiaries	7,605	6,250
	18,275	23,395

5 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Administrative Staff	193	228	122	137
Directors	3	3	3	3
Total	196	231	125	140

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

5 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	5,214,010	4,106,415	3,310,496	2,426,318
Social security costs	386,265	292,626	250,940	182,994
Pension costs	209,772	186,625	176,946	158,733
	<u>5,810,047</u>	<u>4,585,666</u>	<u>3,738,382</u>	<u>2,768,045</u>

6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	26,280	26,196
Company pension contributions to defined contribution schemes	110,000	110,000
	<u>136,280</u>	<u>136,196</u>

7 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	-	7,448
Other interest income	5,133	4,710
	<u>5,133</u>	<u>12,158</u>

8 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and loans	402,591	361,478
Other interest on financial liabilities	31,276	19,186
	<u>433,867</u>	<u>380,664</u>

9 Amounts written off investments

	2022 £	2021 £
Changes in the fair value of investment properties	-	(68,272)
	<u>-</u>	<u>(68,272)</u>

Amounts above represent the fair value adjustments in investment properties.

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

10 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	536,058	632,037
Adjustments in respect of prior periods	(1,945)	30,667
Total current tax	534,113	662,704
Deferred tax		
Origination and reversal of timing differences	7,135	44,698
Total tax charge	541,248	707,402

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:

	2022 £	2021 £
Profit before taxation	1,155,789	1,930,195
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	219,600	366,737
Tax effect of expenses that are not deductible in determining taxable profit	292,543	269,008
Tax effect of income not taxable in determining taxable profit	-	3,745
Permanent capital allowances in excess of depreciation	23,916	(7,453)
Under/(over) provided in prior years	(1,946)	30,667
Deferred tax adjustments in respect of prior years	7,135	44,698
Taxation charge	541,248	707,402

11 Dividends

	2022 £	2021 £
Recognised as distributions to equity holders:		
Final paid	190,000	195,392

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

12 Intangible fixed assets

Group	Goodwill £	Software £	Total £
Cost			
At 1 March 2021	17,487,810	3,450	17,491,260
Additions	1,816,571	-	1,816,571
At 28 February 2022	19,304,381	3,450	19,307,831
Amortisation and impairment			
At 1 March 2021	6,600,435	95	6,600,530
Amortisation charged for the year	1,578,172	1,138	1,579,310
At 28 February 2022	8,178,607	1,233	8,179,840
Carrying amount			
At 28 February 2022	11,125,774	2,217	11,127,991
At 28 February 2021	10,887,375	3,355	10,890,730
Company			Goodwill £
Cost			
At 1 March 2021 and 28 February 2022			8,453,155
Amortisation and impairment			
At 1 March 2021			3,689,173
Amortisation charged for the year			612,012
At 28 February 2022			4,301,185
Carrying amount			
At 28 February 2022			4,151,970
At 28 February 2021			4,763,982

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2022

13 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 2021	3,031,830	29,571	(180)	1,082,143	498,193	252,601	4,884,158			
Additions	106,748	-	-	112,714	94,529	41,094	355,085			
Disposals	(50,689)	-	-	(32,567)	(12,355)	(7,300)	(102,911)			
At 28 February 2022	3,087,889	29,571	(180)	1,162,290	580,367	286,395	5,146,332			
Depreciation and impairment										
At 1 March 2021	217,583	24,196	7,788	462,037	378,199	58,721	1,148,524			
Depreciation charged in the year	61,517	750	-	159,236	82,420	55,318	359,241			
Eliminated in respect of disposals	(13,264)	-	-	(32,397)	(11,561)	(5,275)	(62,497)			
At 28 February 2022	265,836	24,946	7,788	588,876	449,058	108,764	1,445,268			
Carrying amount										
At 28 February 2022	2,822,053	4,625	(7,968)	573,414	131,309	177,631	3,701,064			
At 28 February 2021	2,814,247	5,375	(7,968)	620,106	119,994	193,880	3,745,634			

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

Company	Heritable Property	Leasehold land and buildings	Fixtures and fittings	Office equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 March 2021	1,390,684	29,571	862,556	371,367	198,027	2,852,205
Additions	-	-	55,092	55,744	13,195	124,031
Disposals	(50,689)	-	-	-	(7,300)	(57,989)
At 28 February 2022	1,339,995	29,571	917,648	427,111	203,922	2,918,247
Depreciation and impairment						
At 1 March 2021	96,202	24,196	355,138	277,447	35,290	788,273
Depreciation charged in the year	27,298	750	119,481	59,955	28,555	236,039
Eliminated in respect of disposals	(13,264)	-	-	-	(5,275)	(18,539)
At 28 February 2022	110,236	24,946	474,619	337,402	58,570	1,005,773
Carrying amount						
At 28 February 2022	1,229,759	4,625	443,029	89,709	145,352	1,912,474
At 28 February 2021	1,294,482	5,375	507,418	93,920	162,737	2,063,932

14 Investment property

	Group 2022 £	Company 2022 £
Fair value		
At 1 March 2021 and 28 February 2022	1,895,000	-

The fair value of the investment properties brought forward have been arrived at on the basis of a valuation carried out at 3 March 2015 by Allied Scotland, DM Hall and Pinders Chartered Surveyors between March and November 2020, who are not connected with the company. The valuations were 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 these dates.

15 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	16	-	-	4,887,337	4,193,177
Investments in associates		-	-	21	21
		-	-	4,887,358	4,193,198

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

15 Fixed asset investments (Continued)

Movements in fixed asset investments Company

Shares in
subsidiaries
and associates

£

Cost or valuation

At 1 March 2021	4,193,198
Additions	793,418
Adjustments	(99,258)

At 28 February 2022	4,887,358
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Carrying amount

At 28 February 2022	4,887,358
At 28 February 2021	4,193,198

16 Subsidiaries

Details of the company's subsidiaries at 28 February 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Web Pharmacy Limited	United Kingdom	Ordinary shares	58.33	-
Norvik Topco Limited	United Kingdom	Ordinary shares	100.00	-
Norvik Holdings Limited	United Kingdom	Ordinary Shares	0	100.00
Norvik Pharmacies Limited	United Kingdom	Ordinary shares	0	100.00
Pall Healthcare Limited	United Kingdom	Ordinary shares	100.00	-
Buchanhaven (Aberchirder) Limited	United Kingdom	Ordinary shares	0	100.00

On 2 September 2021 Web Pharmacy Limited acquired 100% of the share capital in Buchanhaven (Aberchirder) Limited. On the same day the assets and liabilities were hived up into Web Pharmacy Limited.

On 30 November 2021 Right Medicine Pharmacy Limited acquired 100% of the share capital in Pall Healthcare Limited. On the same day the assets and liabilities were hived up into Right Medicine Pharmacy Limited.

17 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Finished goods and goods for resale	1,383,623	1,318,651	853,185	832,472

Stock with a carrying value of £1,383,623 (2021 - £1,318,651) is pledged as security for the group's bank loans.

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

18 Debtors

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	2,419,177	1,248,426	1,650,529	695,557
Corporation tax recoverable	57,591	54,341	57,591	54,341
Amounts owed by group undertakings	-	-	735,998	-
Amounts owed by undertakings in which the company has a participating interest	1,458	-	1,458	-
Other debtors	695,480	637,371	397,715	446,964
Prepayments and accrued income	244,194	233,874	125,314	131,225
	<u>3,417,900</u>	<u>2,174,012</u>	<u>2,968,605</u>	<u>1,328,087</u>

19 Creditors: amounts falling due within one year

		Group 2022	2021	Company 2022	2021
	Notes	£	£	£	£
Bank loans	21	1,575,546	1,450,277	964,632	893,550
Trade creditors		3,472,558	2,885,972	2,136,410	1,757,321
Amounts owed to group undertakings		-	-	76,175	1,179,974
Amounts owed to undertakings in which the group has a participating interest		-	2,059	-	2,059
Corporation tax payable		87,556	354,279	(5,173)	182,622
Other taxation and social security		93,192	79,090	58,238	51,939
Other creditors		209,230	452,195	174,862	355,265
Accruals and deferred income		660,796	449,081	489,878	282,565
		<u>6,098,878</u>	<u>5,672,953</u>	<u>3,895,022</u>	<u>4,705,295</u>

20 Creditors: amounts falling due after more than one year

		Group 2022	2021	Company 2022	2021
	Notes	£	£	£	£
Bank loans and overdrafts	21	14,066,457	13,954,146	7,449,598	7,510,113
Other creditors		140,000	140,000	-	-
		<u>14,206,457</u>	<u>14,094,146</u>	<u>7,449,598</u>	<u>7,510,113</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 GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

20 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	5,122,968	6,031,188	1,612,700	552,666
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

21 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	15,642,003	15,404,423	8,414,230	8,403,663
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Payable within one year	1,575,546	1,450,277	964,632	893,550
Payable after one year	14,066,457	13,954,146	7,449,598	7,510,113
	<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 subsidiary has term loans on which interest is charged at 2-4% over base rate payable monthly in arrears.

22 Deferred taxation

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

Group	Liabilities 2022 £	Liabilities 2021 £
Accelerated capital allowances	141,850	134,715
	<u> </u>	<u> </u>
Company	Liabilities 2022 £	Liabilities 2021 £
Accelerated capital allowances	115,236	114,371
	<u> </u>	<u> </u>

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

22 Deferred taxation (Continued)

	Group 2022 £	Company 2022 £
Movements in the year:		
Liability at 1 March 2021	134,715	114,371
Charge to profit or loss	7,135	865
Liability at 28 February 2022	<u>141,850</u>	<u>115,236</u>

23 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>209,772</u>	<u>186,625</u>

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.

24 Share capital

Group and company	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	<u>95</u>	<u>95</u>	<u>95</u>	<u>95</u>

25 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.

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

26 Acquisition of a business

On 2 September 2021 the group acquired 100% of the issued share capital of Buchanhaven (Aberchirder) Limited.

	Book Value £	Adjustments £	Fair Value £
Net assets acquired			
Property, plant and equipment	36,354	-	36,354
Inventories	46,801	-	46,801
Trade and other receivables	99,699	-	99,699
Cash and cash equivalents	5,673	-	5,673
Trade and other payables	(46,250)	-	(46,250)
Tax liabilities	11,267	-	11,267
	<hr/>	<hr/>	<hr/>
Total identifiable net assets	153,544	-	153,544
	<hr/>	<hr/>	<hr/>
Goodwill			1,048,918
			<hr/>
Total consideration			1,202,462
			<hr/>
The consideration was satisfied by:			£
Cash			1,202,462
			<hr/>
Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:			£
Turnover			-
Profit after tax			-
			<hr/>

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

26 Acquisition of a business

(Continued)

On 30 November 2021 the group acquired 100% of the issued capital of Pall Healthcare Limited.

	Book Value £	Adjustments £	Fair Value £
Net assets acquired			
Inventories	18,137	-	18,137
Trade and other receivables	53,000	-	53,000
Cash and cash equivalents	39,220	-	39,220
Borrowings	(45,276)	-	(45,276)
Trade and other payables	(97,907)	-	(97,907)
Tax liabilities	8,178	-	8,178
Total identifiable net assets	(24,648)	-	(24,648)
Goodwill			818,066
Total consideration			793,418
The consideration was satisfied by:			£
Cash			793,418
Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:			£
Turnover			-
Profit after tax			-

27 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 2022 £	2021 £	Company 2022 £	2021 £
Within one year	119,262	139,908	107,862	128,508
Between two and five years	430,608	462,248	388,858	416,648
In over five years	674,417	761,525	674,417	753,975
	1,224,287	1,363,681	1,171,137	1,299,131

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

27 Operating lease commitments

(Continued)

Lessor

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

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	145,708	137,375	-	-
Between two and five years	505,300	541,573	-	-
In over five years	188,968	273,140	-	-
	<u>839,976</u>	<u>952,088</u>	<u>-</u>	<u>-</u>

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

28 Related party transactions

Group

At 28 February 2022 the group owed £160,033 (2021: £160,033) to Cross Healthcare Limited a company which owns a minority interest in Web Pharmacy Limited.

Company

During the year the company sold goods amounting to £612,409 (2021: £693,252) and made purchases of £257,221 (2021: £112,119) from Web Pharmacy Limited. The company charged a management fee of £201,442 (2021: £235,592) to Web Pharmacy Limited. At 28 February 2022 the company was owed £366,576 (2021: £170,852).

29 Directors' transactions

Dividends totalling £190,000 (2021 - £195,392) were paid in the year in respect of shares held by the company's directors.

30 Cash generated from group operations

	2022 £	2021 £
Profit for the year after tax	614,541	1,222,793
Adjustments for:		
Share of results of associates and joint ventures	-	(48,564)
Taxation charged	541,248	707,402
Finance costs	433,867	380,664
Investment income	(5,133)	(12,158)
Loss/(gain) on disposal of tangible fixed assets	7,913	(20,599)
Fair value (gain)/loss on investment properties	-	68,272
Amortisation and impairment of intangible assets	1,579,310	1,501,447
Depreciation and impairment of tangible fixed assets	359,241	258,875
Decrease in provisions	-	(48,564)
Movements in working capital:		
Increase in stocks	(34)	(157,717)
(Increase)/decrease in debtors	(1,091,366)	495,120
Increase/(decrease) in creditors	423,223	(98,342)
Cash generated from operations	2,862,810	4,248,629

RIGHT MEDICINE PHARMACY LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

31 Analysis of changes in net debt - group

	2022 £
Opening net funds/(debt)	
Cash and cash equivalents	3,321,695
Loans	(15,404,423)
	<u>(12,082,728)</u>
Changes in net debt arising from:	
Cash flows of the entity	(723,943)
Other non-cash changes	(45,276)
	<u>(12,851,947)</u>
Closing net funds/(debt) as analysed below	<u><u>(12,851,947)</u></u>
 Closing net funds/(debt)	
Cash and cash equivalents	2,790,056
Loans	(15,642,003)
	<u><u>(12,851,947)</u></u>

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.