

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 28 February 2023
for
Simple Online Healthcare Limited

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for the Year Ended 28 February 2023

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DIRECTORS:

A Mohammed
A K Nassar

REGISTERED OFFICE:

77 Dunn Street
Glasgow
G40 3PA

REGISTERED NUMBER:

SC498329 (Scotland)

AUDITORS:

RA Audit Services Limited
2nd Floor
Grove House
55 Lowlands Road
Harrow
Middlesex
HA1 3AW

Strategic Report
for the Year Ended 28 February 2023

The directors present their strategic report for the year ended 28 February 2023.

REVIEW OF BUSINESS

Simple Online Healthcare was established in 2015 as an independent, online pharmacy combining the patient centricity of a community pharmacy with the accessibility and ease of use of a digital experience.

FY23 delivered significant growth for the company, with revenue increasing 44% from £14m in the year ended 28 February 2022, to £21m in the year ended 28 February 2023. Investment in top line growth and operational cost base drove a net loss of £1.1m.

In February 2022, the company acquired the trade and assets of Stark Healthcare Limited, a digital pharmacy trading under the brands name 'Dr. Felix' in the UK, and 'Kapsel' in Germany, for an undisclosed amount. The company currently offers over the counter sales, as well as a private and NHS prescription service to patients in the United Kingdom, and a private prescription service within Germany.

During the year, under review, the holding company introduced Enterprise Management Scheme and granted share options to its staff. No options have been exercised.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors have set out below a number of key risks and uncertainties that could impact future performance:

Commercial risk

The primary business risks and uncertainties affecting the company relate to competition from other digital healthcare providers. In addition, the company operates in a more challenging economic environment characterized by fluctuating consumer spending patterns and unpredictable market conditions.

To mitigate these risks and uncertainties, the company has implemented various strategies, including enhancing its competitive advantage through product differentiation and expanding its online presence and visibility. Management maintains strong relationships with key stakeholders including suppliers and regulatory bodies and closely monitors clinical guidance and market trends.

Liquidity risk

Liquidity risk refers to the potential inability to meet financial obligations as they become due, which could adversely impact the company's ability to fund its operations and meet its short-term obligations. To effectively manage liquidity risk, Management maintains a robust liquidity management framework. This includes closely monitoring cash flow projections, maintaining adequate cash reserves, and regularly reviewing the company's financial position to identify potential liquidity challenges. The company has no debt obligations.

Regulatory compliance risk

The company is regulated by the General Pharmaceutical Council ('GPhC') and follows specific clinical and governance frameworks. The company's pharmacists are registered with the GPhC and maintain a close working relationship to mitigate the risk of non-compliance.

Currency risk

The majority of the company's purchases and sales are denominated in GBP, minimising currency risk.

IT risk

To mitigate IT risk, the company has robust cybersecurity measures and controls, including vulnerability assessments, access controls and data recovery contingencies to ensure business continuity in the event of any disruptions.

Strategic Report
for the Year Ended 28 February 2023

KEY PERFORMANCE INDICATORS

The company's key performance indicators for the year ended 28 February 2023 are as follows:

	YE 28.02.2023	YE 28.02.2022
	£ s	£ s
Turnover	20,896	14,535
Gross profit	6,246	4,922
Gross profit margin	29.89%	33.86%
(Loss)/Profit before tax	(1,341)	(156)
Shareholders' equity	(405)	739

The company's key performance indicators were in line with expectations.

ON BEHALF OF THE BOARD:

A Mohammed - Director

29 November 2023

Report of the Directors
for the Year Ended 28 February 2023

The directors present their report with the financial statements of the company for the year ended 28 February 2023.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of digital pharmacy and online doctor services.

DIVIDENDS

No dividends will be distributed for the year ended 28 February 2023.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 March 2022 to the date of this report.

A Mohammed
A K Nassar

FINANCIAL INSTRUMENTS

Financial instruments

The company's principal financial instruments comprise bank balances, trade debtors, trade creditors, balances due to and from related companies. The main purpose of these instruments is to raise funds for company's operations and to finance company's trading activities.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding.

Trade debtors are managed in respect of credit and cash flow risk by regular monitoring of amounts outstanding.

Trade creditors liquidity risk is managed by ensuring funds are available to meet amounts due within agreed terms.

In respect of loans due to related parties, these are interest-free and repayable on demand. This allows the company to maintain sufficient funds to meet its payment to creditors.

POLITICAL DONATIONS AND EXPENDITURE

During the year, charitable donations were paid totalling £37,650.

Report of the Directors
for the Year Ended 28 February 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, RA Audit Services Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A Mohammed - Director

29 November 2023

Opinion

We have audited the financial statements of Simple Online Healthcare Limited (the 'company') for the year ended 28 February 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2023 and of its loss 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 Auditors' 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

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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 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 the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 a Report of the Auditors 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:

Irregularities including fraud are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

The client partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify and recognise non-compliance with applicable laws and regulations.

- 1) We identified the laws and regulations applicable to the company through discussions with directors, key management personnel and from our commercial knowledge and experience.
- 2) We focused on specific laws and regulations which we considered may have a direct effect on financial statements or the operations of the company including Companies Act 2006, current taxation legislation, data protection, anti-bribery and money laundering, food safety, employment and health and safety legislation.
- 3) We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management.
- 4) Identified laws and regulations were communicated with the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur by;

- 1) Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual suspected and alleged fraud and
- 2) Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- 1) Performed analytical procedures to identify any unusual and unexpected relationships,
- 2) Tested journal entries to identify unusual transactions,
- 3) Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- 1) Agreeing financial statements disclosures to underlying supporting documentation.
- 2) Enquiring of management as to actual and potential litigation and claims and
- 3) Reviewing correspondence with HMRC, enquiring of management over health and safety.

Report of the Independent Auditors to the Members of
Simple Online Healthcare Limited

There are inherent limitations in our audit procedures described above. Auditing standards also limit the audit procedures required to identifying non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Other matters

The prior year financial statements and corresponding opening balances are unaudited. Any adjustment to the opening balances could have a consequential impact on profit for the year ended 28 February 2022. The evidence we have otherwise reviewed for the year ended 28 February 2023, including the closing consolidated balance sheet, indicate that the financial statements give a true and fair view of the company's affairs.

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 a Report of the Auditors 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.

Poonam Madani BFP ACA FCCA (Senior Statutory Auditor)
for and on behalf of RA Audit Services Limited
2nd Floor
Grove House
55 Lowlands Road
Harrow
Middlesex
HA1 3AW

30 November 2023

Statement of Comprehensive Income
for the Year Ended 28 February 2023

	Notes	28.2.23 £	28.2.22 £
REVENUE	4	20,896,802	14,535,056
Cost of sales		<u>14,650,460</u>	<u>9,612,807</u>
GROSS PROFIT		6,246,342	4,922,249
Administrative expenses		<u>7,869,251</u> (1,622,909)	<u>5,176,617</u> (254,368)
Other operating income		<u>281,503</u>	<u>97,916</u>
OPERATING LOSS and LOSS BEFORE TAXATION		(1,341,406)	(156,452)
Tax on loss	7	<u>(196,166)</u>	<u>872</u>
LOSS FOR THE FINANCIAL YEAR		(1,145,240)	(157,324)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(1,145,240)</u>	<u>(157,324)</u>

Balance Sheet
28 February 2023

	Notes	28.2.23 £	£	28.2.22 £	£
FIXED ASSETS					
Intangible assets	9		127,504		144,500
Property, plant and equipment	10		<u>337,543</u>		<u>354,550</u>
			465,047		499,050
CURRENT ASSETS					
Inventories	11	478,542		464,135	
Debtors	12	754,869		1,091,502	
Cash at bank and in hand		<u>686,221</u>		<u>762,687</u>	
		1,919,632		2,318,324	
CREDITORS					
Amounts falling due within one year	13	<u>2,762,446</u>		<u>2,047,385</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(842,814)</u>		<u>270,939</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(377,767)		769,989
PROVISIONS FOR LIABILITIES	16		<u>27,590</u>		<u>30,106</u>
NET (LIABILITIES)/ASSETS			<u>(405,357)</u>		<u>739,883</u>
CAPITAL AND RESERVES					
Called up share capital	17		120		120
Retained earnings			<u>(405,477)</u>		<u>739,763</u>
SHAREHOLDERS' FUNDS			<u>(405,357)</u>		<u>739,883</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 November 2023 and were signed on its behalf by:

A Mohammed - Director

A K Nassar - Director

Statement of Changes in Equity
for the Year Ended 28 February 2023

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 March 2021	120	2,277,087	2,277,207
Changes in equity			
Dividends	-	(1,380,000)	(1,380,000)
Total comprehensive income	-	(157,324)	(157,324)
Balance at 28 February 2022	<u>120</u>	<u>739,763</u>	<u>739,883</u>
Changes in equity			
Total comprehensive income	-	(1,145,240)	(1,145,240)
Balance at 28 February 2023	<u>120</u>	<u>(405,477)</u>	<u>(405,357)</u>

Cash Flow Statement
for the Year Ended 28 February 2023

	Notes	28.2.23 £	28.2.22 £
Cash flows from operating activities			
Cash generated from operations	1	(184,554)	1,566,464
Tax paid		140,147	-
Net cash from operating activities		<u>(44,407)</u>	<u>1,566,464</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(4)	-
Purchase of tangible fixed assets		<u>(38,078)</u>	<u>(95,003)</u>
Net cash from investing activities		<u>(38,082)</u>	<u>(95,003)</u>
Cash flows from financing activities			
Equity dividends paid		-	<u>(1,380,000)</u>
Net cash from financing activities		<u>-</u>	<u>(1,380,000)</u>
(Decrease)/increase in cash and cash equivalents		<u>(82,489)</u>	<u>91,461</u>
Cash and cash equivalents at beginning of year	2	762,687	671,226
Cash and cash equivalents at end of year	2	<u>680,198</u>	<u>762,687</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 28 February 2023

1. **RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	28.2.23 £	28.2.22 £
Loss before taxation	(1,341,406)	(156,452)
Depreciation charges	72,085	66,947
	<u>(1,269,321)</u>	<u>(89,505)</u>
(Increase)/decrease in inventories	(14,407)	24,543
Decrease in trade and other debtors	336,633	662,220
Increase in trade and other creditors	762,541	969,206
Cash generated from operations	<u>(184,554)</u>	<u>1,566,464</u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 28 February 2023

	28.2.23 £	1.3.22 £
Cash and cash equivalents	686,221	762,687
Bank overdrafts	(6,023)	-
	<u>680,198</u>	<u>762,687</u>

Year ended 28 February 2022

	28.2.22 £	1.3.21 £
Cash and cash equivalents	<u>762,687</u>	<u>671,226</u>

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.3.22 £	Cash flow £	At 28.2.23 £
Net cash			
Cash at bank and in hand	762,687	(76,466)	686,221
Bank overdrafts	-	(6,023)	(6,023)
	<u>762,687</u>	<u>(82,489)</u>	<u>680,198</u>
Total	<u>762,687</u>	<u>(82,489)</u>	<u>680,198</u>

Notes to the Financial Statements
for the Year Ended 28 February 2023

1. STATUTORY INFORMATION

Simple Online Healthcare Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Goodwill

Goodwill in connection with a business acquisition is being amortised on a straight line basis over an estimated useful life of 10 years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Freehold property	- 2% on cost
Improvements to property	- 2% on cost
Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on reducing balance

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

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Notes to the Financial Statements - continued
for the Year Ended 28 February 2023

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a

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

Basic financial assets

Basic financial assets, which include debtors 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.

Classification of financial liabilities

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

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.

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.

Taxation

Taxation for the year comprises current and deferred tax.

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

Notes to the Financial Statements - continued
for the Year Ended 28 February 2023

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Equity instruments

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

Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks and bank overdraft. Bank overdrafts are shown within borrowings in current liabilities.

Foreign exchange

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

Going concern

The financial statements have been prepared on a going concern basis even though at the balance sheet date the company's net liabilities exceeded its net assets by £405,357 (2022: £739,883 net assets). The director considers the going concern basis to be appropriate because in his opinion, the company will obtain sufficient funding from its shareholders to enable it to pay its debts as they fall due.

Notes to the Financial Statements - continued
for the Year Ended 28 February 2023

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCER

In the application of the company's accounting policies, the directors are required to make judgments estimates and assumptions about the carrying amount of the assets and liabilities that are not readily apparent from other 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.

Key Sources of estimation uncertainty

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

Useful lives of intangible fixed assets

Intangible fixed assets consist of goodwill. The annual amortisation charge depends on estimated useful economic life of the asset. The directors regularly review the remaining useful life of these assets. Changes in asset's useful economic life can have a significant impact on amortisation charge for the period. Detail of the useful economic life is included in accounting policies.

Useful lives of tangible fixed assets

The costs of tangible fixed assets less their residual value are depreciated over their estimated useful economic lives which are estimated by the director. Changes in the expected level of usage and technological developments could impact on the useful economic lives of these assets; therefore, further depreciation charges could be revised.

4. REVENUE

The revenue and loss before taxation are attributable to the one principal activity of the company.

An analysis of revenue by class of business is given below:

	28.2.23	28.2.22
	£	£
Online sales	16,559,103	10,666,419
NHS sales	2,729,461	2,295,559
Shipping sales	880,550	650,000
Other sales	727,688	923,078
	<u>20,896,802</u>	<u>14,535,056</u>

Notes to the Financial Statements - continued
for the Year Ended 28 February 2023

4. REVENUE - continued

An analysis of revenue by geographical market is given below:

	28.2.23 £	28.2.22 £
United Kingdom	20,229,677	14,512,463
Europe	667,125	22,593
	<u>20,896,802</u>	<u>14,535,056</u>

5. EMPLOYEES AND DIRECTORS

	28.2.23 £	28.2.22 £
Wages and salaries	2,519,792	1,358,271
Social security costs	236,989	112,841
Other pension costs	43,224	24,813
	<u>2,800,005</u>	<u>1,495,925</u>

The average number of employees during the year was as follows:

	28.2.23	28.2.22
Admin	<u>88</u>	<u>69</u>

	28.2.23 £	28.2.22 £
Directors' remuneration	<u>-</u>	<u>-</u>

6. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	28.2.23 £	28.2.22 £
Depreciation - owned assets	55,085	49,948
Goodwill amortisation	17,000	17,000
Auditors' remuneration	10,000	-
Foreign exchange differences	<u>(1,501)</u>	<u>1,591</u>

Notes to the Financial Statements - continued
for the Year Ended 28 February 2023

7. **TAXATION**

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	28.2.23 £	28.2.22 £
Current tax:		
R&D tax credit	(193,650)	-
Deferred tax	(2,516)	872
Tax on loss	<u>(196,166)</u>	<u>872</u>

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	28.2.23 £	28.2.22 £
Loss before tax	<u>(1,341,406)</u>	<u>(156,452)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	(254,867)	(29,726)
Effects of:		
Expenses not deductible for tax purposes	27,166	33,583
Capital allowances in excess of depreciation	-	(5,915)
Depreciation in excess of capital allowances	4,188	-
Utilisation of tax losses	223,513	2,058
Deferred tax	(2,516)	872
R&D tax credit	(193,650)	-
Total tax (credit)/charge	<u>(196,166)</u>	<u>872</u>

8. **DIVIDENDS**

	28.2.23 £	28.2.22 £
Ordinary shares of £1 each		
Final	<u>-</u>	<u>1,380,000</u>

Notes to the Financial Statements - continued
for the Year Ended 28 February 2023

9. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 March 2022	170,000
Additions	4
At 28 February 2023	<u>170,004</u>
AMORTISATION	
At 1 March 2022	25,500
Amortisation for year	17,000
At 28 February 2023	<u>42,500</u>
NET BOOK VALUE	
At 28 February 2023	<u>127,504</u>
At 28 February 2022	<u>144,500</u>

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1 March 2022	133,165	54,599	162,862
Additions	-	-	-
At 28 February 2023	<u>133,165</u>	<u>54,599</u>	<u>162,862</u>
DEPRECIATION			
At 1 March 2022	-	-	90,474
Charge for year	6,406	1,092	18,097
At 28 February 2023	<u>6,406</u>	<u>1,092</u>	<u>108,571</u>
NET BOOK VALUE			
At 28 February 2023	<u>126,759</u>	<u>53,507</u>	<u>54,291</u>
At 28 February 2022	<u>133,165</u>	<u>54,599</u>	<u>72,388</u>

Notes to the Financial Statements - continued
for the Year Ended 28 February 2023

10. **PROPERTY, PLANT AND EQUIPMENT - continued**

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 March 2022	81,920	10,160	48,506	491,212
Additions	2,744	-	35,334	38,078
At 28 February 2023	<u>84,664</u>	<u>10,160</u>	<u>83,840</u>	<u>529,290</u>
DEPRECIATION				
At 1 March 2022	26,033	4,445	15,710	136,662
Charge for year	14,363	1,429	13,698	55,085
At 28 February 2023	<u>40,396</u>	<u>5,874</u>	<u>29,408</u>	<u>191,747</u>
NET BOOK VALUE				
At 28 February 2023	<u>44,268</u>	<u>4,286</u>	<u>54,432</u>	<u>337,543</u>
At 28 February 2022	<u>55,887</u>	<u>5,715</u>	<u>32,796</u>	<u>354,550</u>

11. **INVENTORIES**

	28.2.23 £	28.2.22 £
Stocks	<u>478,542</u>	<u>464,135</u>

12. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	28.2.23 £	28.2.22 £
Trade debtors	297,653	377,587
Amounts owed by group undertakings	-	154,253
Other debtors	13,200	-
VAT	145,289	277,779
Prepayments and accrued income	<u>298,727</u>	<u>281,883</u>
	<u>754,869</u>	<u>1,091,502</u>

Notes to the Financial Statements - continued
for the Year Ended 28 February 2023

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28.2.23	28.2.22
	£	£
Bank loans and overdrafts (see note 14)		
	6,023	-
Payments on account	38,118	-
Trade creditors	1,814,474	1,665,034
Amounts owed to group undertakings	351,350	91,963
Tax	-	53,503
Net wages	1,059	14,068
Pension	10,873	6,018
Other creditors	509,269	128,601
Credit card	2,607	2,607
Directors' current accounts	14,673	14,673
Accruals and deferred income	14,000	70,918
	<u>2,762,446</u>	<u>2,047,385</u>

14. LOANS

An analysis of the maturity of loans is given below:

	28.2.23	28.2.22
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>6,023</u>	<u>-</u>

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	28.2.23	28.2.22
	£	£
Within one year	49,250	49,250
Between one and five years	165,458	165,458
In more than five years	56,250	101,250
	<u>270,958</u>	<u>315,958</u>

16. PROVISIONS FOR LIABILITIES

	28.2.23	28.2.22
	£	£
Deferred tax	<u>27,590</u>	<u>30,106</u>

Notes to the Financial Statements - continued
for the Year Ended 28 February 2023

16. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £	Other provisions £
Balance at 1 March 2022	30,106	29,234
Provided during year	(2,516)	872
Balance at 28 February 2023	<u>27,590</u>	<u>30,106</u>

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	28.2.23 £	28.2.22 £
120	Ordinary	£1	<u>120</u>	<u>120</u>

All shares rank pari passu with regards to voting rights, dividends and capital distributions.

18. ULTIMATE PARENT COMPANY

The company's parent company is Simple Online Holdings Limited, a company registered in England and Wales. The results of Simple Online Healthcare Limited are included in consolidated financial statement of Simple Online Holdings Limited which are available from their registered office address, 77 Dunn Street, Glasgow, Scotland, G40 3PA.

19. RELATED PARTY DISCLOSURES

Included in other debtors falling due within one year is an amount of £13,200 (2022: £Nil) due from 2UP Property Limited, a company connected to the directors.

Included in other creditors falling due with one year is an amount of £265,565 (2022: £Nil) Mount Street (Aberdeen) Limited, a company connected to the directors.

During the year, the company paid management fees of £73,337 (2022:£Nil) and rent of £33,750 (2022: £22,500) to Logan Pharmaceuticals Limited, a company connected to the director, A Mohammed.

During the year, the company paid management fees of £13,334 (2022: £Nil) to Ahnsan Investments Limited, a company connected to director, A K Nassar.

Included in other creditors falling due within one year is director's current account balance of £14,673 (2022: £14,673).

During the year, the company received management fees of £281,503 (2022: £97,916) from Simple Online Healthcare PTY Ltd, a fellow subsidiary based in Australia.

20. POST BALANCE SHEET EVENTS

Post year end, the company sold one of the pharmacy to third party.

21. ULTIMATE CONTROLLING PARTY

The ultimate controlling parties are both the directors with no one party having an overall control.

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