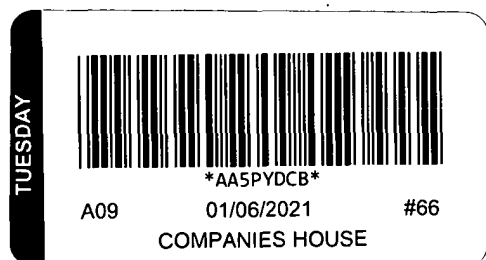


Registration number: 03681736

Prinwest Limited

Annual report and financial statements

for the year ended 31 August 2020



Prinwest Limited

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Prinwest Limited

Company information

Directors

Y I Patel
A A Ismail
A J Caunce

Company secretary

R Gaffney

Registered office

PO Box 2076
Lynstock House
Lynstock Way
Lostock
Bolton
BL6 4SA

Bankers

The Royal Bank of Scotland plc
3 Hardman Boulevard
Manchester
Lancashire
M3 3AQ

Auditor

Deloitte LLP
Statutory Auditor
The Hanover Building
Corporation Street
Manchester
M4 4AH
United Kingdom

Prinwest Limited

Strategic report For the year ended 31 August 2020

The directors present their strategic report on the affairs of the company, together with the directors' report, audited financial statements and auditor's report, for the year ended 31 August 2020.

Principal activities and business review

The principal activity of the company during the year was that of pharmaceutical wholesalers. The company distributes medicines and healthcare goods. The company has had a good year due to a very stable customer base, with the majority of sales being made to existing customers.

Principal risks and uncertainties

The company's main risk is that of supply in terms of price and availability which management monitor constantly. The company reviews its portfolio of stock regularly in order to achieve optimum sales and profitability. Given the nature of the company's customers it has no significant risks of financing credit.

Brexit

Following the decision for the UK to leave the EU under Article 50 of the Lisbon Treaty, and subsequent agreement of terms from 1st January 2021, the business will continue to work closely with its major suppliers to mitigate potential disruptions of supply chains. The business will continue to review and make appropriate changes as required in order to adapt and thereby continue to perform as effectively as possible.

Covid-19

Following the coronavirus outbreak, we are continuing to monitor and manage the situation in order to ensure patients continue to receive medication and the services we provide.

We assessed the risk of a decrease in prescriptions, and therefore revenue and cash flow in the early stages of the outbreak, and were confident these areas would not be impacted, as the Government have confirmed that the community pharmacy sector funding profile will remain at £2.592bn until at least 2023/2024. The group experienced an increase in demand during the early months of lockdown, with demand stabilising in the months following, and forecasted prescription items for the year surpassed.

We recognised the potential challenges we may face with staffing, and did experience staff absence particularly during the earlier months of the pandemic, which stabilised fairly quickly. Although we do not have staff working abroad, we are mitigating the risk of our UK based staff by following Government advice, which includes sharing daily updates to all staff and introducing policies, social distancing and PPE requirements.

Suppliers and Customers

There are company policies in place for entering and maintaining supplier and customer relationships. The company treats all customers and suppliers fairly, and seeks to ensure all agreed terms of contracts are adhered to in line with the agreed terms and conditions, with an objective to remain competitive and maintain long-term, secure relationships.

Prinwest Limited

Strategic report (continued)

For the year ended 31 August 2020

Results and key performance indicators

The results for the year are set out on page 13.

The profit for the year, after taxation, amounted to £6,414,796 (2019 - £7,802,260).

The key performance indicators used by management during the year were:

	2020	2019
Turnover	£97.0m	£100.9m
Stocks	£10.3m	£10.7m
Gross margin	12.1%	13.1%
Shareholder's funds	£19.9m	£38.5m
EBITDA	£8.1m	£9.8m

All KPIs are considered satisfactory, reflecting a stable core operation for the year. The gross margin is slightly less than prior year, and reflects a continued strong position in the market, with stock levels held at commercially reasonable levels. The shareholder fund reduction is attributable to the intercompany loan waiver transaction in 2020.

Future developments

The directors are not aware of any likely changes in the company's activities in the coming year. The directors will strive to improve turnover and profitability over the coming year through the continued expansion of the business and by seeking new wholesale opportunities.

Prinwest Limited

Strategic report (continued)


For the year ended 31 August 2020

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires directors of the company to act in a way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to the interests of the stakeholders, including customers, suppliers and the wider community in which it operates. The board believes compliance with Section 172 can be demonstrated within this disclosure and the directors' report as referenced.

	Page
1. The need to foster the company's business relationships with suppliers, customers and others	p.2
2. The impact of the company's operations on the community and environment	p.6/7/8

Approved by the Board on *28th May 2021* and signed on behalf of the Board.


.....
A J Counce
Director

Lynstock House
Lynstock Way
Lostock
Bolton
BL6 4SA

Prinwest Limited

Directors' report

For the year ended 31 August 2020

The directors present their annual report on the affairs of Prinwest Limited ('the company') together with the audited financial statements and auditor's report, for the year ended 31 August 2020. The company's principal activities, business review, future developments and discussion of risks are presented within the strategic report on pages 2-4.

Charitable donations

During the year, the company made donations for charitable purposes amounting to £1,537 (2019: £650) principally to local charities. There were no political donations made in the year (2019: same).

Going concern

The directors have reviewed the financial position in line with cash flows forecasts and conclude that the adoption of the going concern basis in preparing the financial statements is still appropriate. Further details can be found in the accounting policies note 2.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Cash flow risk

The company's activities expose it primarily to the financial risks of changes in interest rates. The directors monitor any changes in interest rates so that action can be taken in a timely manner if necessary.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with sales to credit-checked counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Asan Holdings Limited group uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the accounting policies within note 2 of the financial statements.

Dividends

The results for the year are set out on page 13.

The company made a profit after tax of £6,414,796 (2019: £7,802,260) which was transferred to reserves (2019: same). The directors do not recommend payment of a dividend (2019: same).

Directors

The following directors have held office since 1 September 2019:

Y I Patel

A J Caunce

A A Ismail (appointed 28/04/2021)

A I Patel (deceased 28th April 2021)

Prinwest Limited

Directors' report (continued)

For the year ended 31 August 2020

Energy and carbon reporting

We have reported on all sources of GHG emissions and energy usage as required under *The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008* as amended.

Energy Consumption (kWh)

	<u>2020</u>
Electricity	136,402
Natural Gas	400,874
Transport Fuels	1,960,737
Other Fuels	551
Total	<u>2,498,564</u>

Greenhouse Gas Emissions (tCO₂e)

From Combustion of Fuel	<u>2020</u>
Natural Gas	73.71
Transport Fuel for Company Vehicles	501.14
Other Fuels	0.15
Subtotal	<u>575.00</u>
From Other Activities inc. Process & Fugitive	14.25
From Purchased Electricity, Steam, Heat & Cooling	31.80
Subtotal	<u>46.05</u>
Total Gross Emissions	<u>621.05</u>
Renewable Electricity	(10.30)
Carbon Offsets	-
Domestic Carbon Units	-
Total Net emissions	<u>610.75</u>

Prinwest Limited

Directors' report (continued)

For the year ended 31 August 2020

Energy and carbon reporting (continued)

Intensity Ratios

	<u>2020</u>
Annual MWh per £m Turnover	25.77
Annual tCO ₂ e per £m Turnover	6.30

Methodology:

Conversion Factors

All conversion factors and fuel properties used in this report have been taken from the 2020 "UK Government Greenhouse Gas Conversion Factors for Company Reporting" published by the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Environment, Food & Rural Affairs (DEFRA). All greenhouse gas emissions have been converted and expressed in terms of their carbon dioxide equivalence.

Utilities

Energy consumption expressed in kilowatt-hours has been taken from suppliers' invoices. Conversion factors for the average UK generation mix have been used to calculate greenhouse gas emissions. Lynstock House is a shared site with Gorgemead Limited. Energy consumption and emissions have been split between the two companies based on floor area.

Transport

Fuel cards record the quantity of petrol and diesel purchased in litres. The conversion factors for forecourt blends have been used to calculate greenhouse gas emissions and underlying energy use.

Other Fuels

Diesel fuelled emergency systems at Lynstock house have only been operational for testing. The manufacturer has provided an estimate of consumption during this process. Solar panels at Lynstock House generate renewable electricity. The reduction in emissions compared to average grid energy has been deducted from the total gross location-based emissions to give the net market-based emissions.

Fugitive Emissions

Air conditioning refrigerant was refilled once during the financial year. The type of refrigerant and quantity in kilograms was provided by the maintenance contractor.

Prinwest Limited

Directors' report (continued)

For the year ended 31 August 2020

Energy and carbon reporting (continued)

Energy Efficiency

During the year Prinwest Limited has completed ESOS audits to identify any opportunities to reduce energy consumption. The audits made recommendations to implement an energy management policy, which we have taken on board and made changes to the way we collect utility and transport data to allow better energy management. Further recommendations included capital expenditure projects such as electrifying building heating systems and the company fleet of vehicles, installing automated control systems, and improvements to building fabrics. The process of retrofitting buildings with LED lighting is ongoing but the viability of larger projects will need to be considered.

Directors' indemnities

The company has made qualifying third party provisions for the benefit of its directors, and directors of associated companies, which were made in prior years and remain in force to the date of this report.

Auditor

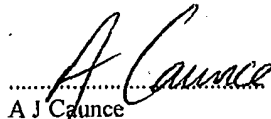
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he 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 auditor is aware of that information.

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

The auditor, Deloitte LLP, have expressed their willingness to continue as auditor of the company.

Approved by the Board of Directors on *28th May 2021* and signed on behalf of the Board.



A J Caunce
Director

Lynstock House
Lynstock Way
Lostock
Bolton
BL6 4SA

Prinwest Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Prinwest Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Prinwest Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 August 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 19.

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).

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 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.

Independent auditor's report to the members of Prinwest Limited (continued)

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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation etc; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant specialists such as tax and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Independent auditor's report to the members of Prinwest Limited (continued)

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address it are described below:

- the presumed risk of fraud relating to revenue has been pinpointed to cut off. We have performed detailed substantive testing of the pre and post year end revenue to supporting documentation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

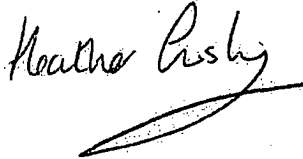
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Prinwest Limited (continued)

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.



.....
Heather J Crosby BSC ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

The Hanover Building, Corporation Street, Manchester, M4 4AH

Date: 28th May 2021

Prinwest Limited

Profit and loss account For the year ended 31 August 2020

	Note	2020 £	2019 £
Turnover	4	96,953,739	100,939,464
Cost of sales		(85,268,103)	(87,764,924)
Gross profit		11,685,636	13,174,540
Distribution costs		(110,373)	(116,076)
Administrative expenses		(3,658,051)	(3,430,455)
Other operating income		-	-
Operating profit	5	7,917,212	9,628,009
Other interest receivable and similar income		278	1,092
Interest payable and similar charges		-	-
Profit before taxation		7,917,490	9,629,101
Taxation	8	(1,502,694)	(1,826,841)
Profit for the financial year		6,414,796	7,802,260

The above results were derived from continuing operations.

There were no income or expenses arising in the current or previous year other than those stated in the profit and loss account. Accordingly, a separate statement of comprehensive income has not been presented.

Prinwest Limited

Balance sheet As at 31 August 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	9	631,889	745,134
Current assets			
Stocks	10	10,337,445	10,653,689
Debtors: amounts falling due within one year	11	18,703,194	46,650,986
Cash at bank and in hand		7,965,639	277,054
		37,006,728	57,581,729
Creditors: amounts falling due within one year	12	(17,641,164)	(19,744,656)
Net current assets		19,365,114	37,837,073
Net assets		19,997,003	38,582,207
Capital and reserves			
Called-up share capital	14	100	100
Profit and loss account	14	19,996,903	38,582,107
Shareholders' funds		19,997,003	38,582,207

The financial statements of Prinwest Limited (company registration number 03681736) were approved by the Board of directors and authorised for issue on 28th May 2021

Signed on behalf of the Board of Directors.



A J Caunce
Director

Prinwest Limited

Statement of changes in equity For the year ended 31 August 2020

	Note	Called-up share capital £	Profit and loss account £	Total £
At 1 September 2018		100	30,779,847	30,779,947
Profit for the year		-	7,802,260	7,802,260
Total comprehensive income		-	7,802,260	7,802,260
At 31 August 2019	14	100	38,582,107	38,582,207

	Note	Called-up share capital £	Profit and loss account £	Total £
At 1 September 2019		100	38,582,107	38,582,207
Profit for the year		-	6,414,796	6,414,796
Intercompany Loan Waiver			(25,000,000)	(25,000,000)
At 31 August 2020	14	100	19,996,903	19,997,003

Prinwest Limited

Notes to the financial statements For the year ended 31 August 2020

1 General information

The company is a private company limited by share capital, registered in England and Wales and incorporated in the United Kingdom under the Companies Act 2006.

The address of its registered office is:

Lynstock House
Lynstock Way
Lostock
Bolton
BL6 4SA

The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 4.

2 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

Prinwest Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

The functional currency of Prinwest Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Going concern

The directors have reviewed trading projections and the availability of finance in the context of those projections. Following the expiry of the senior term facility on 14th May 2021 the group has entered into a Revolving Credit Facility Agreement on 25th May 2021 for a period of 3 years. Trading and cash flow forecasts for the group indicate that the company and group will continue to trade profitably and to generate cash sufficient to meet day to day requirements, along with meeting covenant compliance requirements. As a result of their enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Tangible assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over the estimated useful lives of the assets. The rates of depreciation for the assets are as follows:

Fixtures and fittings	20% reducing balance
Motor vehicles	25% reducing balance
Plant and machinery	50% straight line

Prinwest Limited

Notes to the financial statements (continued) For the year ended 31 August 2020

2 Accounting policies (continued)

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Cost is the purchase price of the materials. Net realisable value is based on estimated selling price less all further marketing, selling and distribution costs. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow moving or defective items where appropriate.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs).

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable, or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Prinwest Limited

Notes to the financial statements (continued) For the year ended 31 August 2020

2 Accounting policies (continued)

Financial instruments (continued)

Financial assets and liabilities (continued)

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Prinwest Limited

Notes to the financial statements (continued) For the year ended 31 August 2020

2 Accounting policies (continued)

Tax (continued)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods in the ordinary nature of business and recognised at the point that the goods are provided to the customers. Turnover is shown net of Value Added Tax and trade discounts.

Prinwest Limited

Notes to the financial statements (continued) For the year ended 31 August 2020

2 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of the future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarity spread on a straight-line basis over the lease term.

Prinwest Limited

Notes to the financial statements (continued) **For the year ended 31 August 2020**

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the company's accounting policies

The directors do not consider that the amounts recognised in the financial statements have been significantly affected by any critical judgements made in the process of applying the company's accounting policies.

Key sources of estimation uncertainty - impairment of intercompany debt

Where there are indicators that intercompany debt balances are not recoverable, management write the debt down to the recoverable amount. The remaining intercompany debt balances are deemed recoverable based on the group being profitable and assets generating a positive return.

4 Turnover

Turnover is wholly derived from the company's principal activity and originates entirely from operations in the United Kingdom. As a result no segmental analysis is presented.

5 Operating profit

Operating profit is stated after charging:

	2020	2019
	£	£
Depreciation expense (note 9)	197,021	214,166
Loss on disposal of fixed assets	12,551	8,897
(Profit) on foreign currency exchange	(87)	-
Operating lease expense	352,457	345,092
Cost of stock recognised as an expense	85,268,103	87,764,924

6 Employees

The company has no employees, however staff costs totalling £2,170,245 (2019 - £2,024,733) relating to individuals were recharged to the company from Gorgemead Limited during the year. The directors received no remuneration (2019: £nil).

Prinwest Limited

Notes to the financial statements (continued) For the year ended 31 August 2020

7 Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual accounts were £24,000 (2019 - £19,000). See table below for analysis.

	2020 £	2019 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	24,000	19,000
Total audit fees	24,000	19,000
Taxation compliance services	3,500	3,500
All other non-audit services	650	650
Total non-audit fees	4,150	4,150

8 Tax on profit

The tax charge comprises:

	2020 £	2019 £
Current taxation		
UK corporation tax	1,497,916	1,834,528
Deferred tax		
Arising from origination and reversal of timing differences	7,420	(8,591)
Arising from changes in tax rates and laws	(2,642)	904
Total deferred tax	4,778	(7,686)
Total tax on profit	1,502,694	1,826,841

The tax on profit for the year is lower than the standard rate of corporation tax in the UK (2019: lower than the standard rate of corporation tax in the UK) of 19% (2019: 19%).

Prinwest Limited

Notes to the financial statements (continued) For the year ended 31 August 2020

8 Tax on profit (continued)

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2020 £	2019 £
Profit before tax	7,917,490	9,629,101
Tax on profit at standard UK corporation tax rate of 19% (2019: 19%)	1,504,323	1,829,529
Effects of:		
Non-deductible expenses	2,236	2,126
Effect of changes in tax rates	(2,641)	904
Adjustment from previous periods	-	(3,694)
Effects of group relief/ other reliefs	(1,224)	(2,024)
Tax charge for the year	1,502,694	1,826,841

The standard rate of tax applied to reported profit is 19% (2019: 19%).

9 Tangible assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation				
At 1 September 2019	25,317	987,069	626,399	1,638,785
Additions	77,034	19,042	3,334	99,410
Disposals	(15,060)	-	(50,048)	(65,108)
At 31 August 2020	87,291	1,006,111	579,685	1,673,087
Depreciation				
At 1 September 2019	18,088	654,392	221,171	893,651
Charge for the year	28,685	68,320	100,016	197,021
Eliminated on disposal	(15,060)	-	(34,414)	(49,474)
At 31 August 2020	31,713	722,712	286,773	1,041,198
Net book value				
At 31 August 2020	55,578	283,399	292,912	631,889
At 31 August 2019	7,229	332,677	405,228	745,134

Prinwest Limited

Notes to the financial statements (continued) For the year ended 31 August 2020

10 Stocks

	2020 £	2019 £
Finished goods and goods for resale	10,337,445	10,653,689

There is no material difference between the balance sheet value of stocks and their replacement costs.

11 Debtors: amounts falling due within one year

	2020 £	2019 £
Trade debtors	379,188	1,632,549
Amounts owed by parent and fellow subsidiary undertakings	17,813,254	44,228,542
Prepayments and accrued income	493,040	764,620
Other debtors	43	2,828
Deferred tax asset (see note 13)	17,669	22,447
Total current trade and other debtors	18,703,194	46,650,986

Amounts owed by parent and fellow subsidiary undertakings are unsecured, interest free and repayable on demand.

12 Creditors

	2020 £	2019 £
Creditors: amounts falling due within one year		
Trade creditors	14,292,294	17,760,986
Amounts due to parent and fellow subsidiary undertakings	719,936	1,030,558
Corporation tax	705,681	841,294
Social security and other taxes	1,338,969	36,963
Accruals and deferred income	584,284	74,855
	17,641,164	19,744,656

Amounts due to parent and fellow subsidiary undertakings is interest free and repayable on demand.

Prinwest Limited

Notes to the financial statements (continued) For the year ended 31 August 2020

13 Deferred tax asset

The deferred tax asset included in debtors is made up as follows:

	Deferred tax asset £
Balance at 31 August 2019	22,447
Deferred tax charge to income statement for the year	<u>(4,778)</u>
Balance at 31 August 2020	<u>17,669</u>

	2020 £	2019 £
Depreciation in excess of capital allowances	<u>17,669</u>	<u>22,447</u>

During the year beginning 1 September 2020, the net reversal of deferred tax assets and liabilities is expected to impact the corporation tax charge for the year by £17,669.

14 Called up share capital

Allotted, called-up and fully paid shares

	No.	2020 £	No.	2019 £
100 ordinary shares of £1 each	100	100	100	100

The company has one class of ordinary shares which carry no right to fixed income.

The company's other reserves are as follows:

Profit and loss account

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

15 Contingent liabilities

The company has contingent liabilities of £43,280,343 (2019 - £56,050,000). This relates to a cross guarantee on bank loans with the parent company and related parties. There is an intercreditor deed in place in respect of a £67.5 million senior term facility agreement between Asan Holdings Limited and its subsidiaries, which includes this company. This agreement ended on 14th May 2021 and the group entered into a Revolving Credit Facility Agreement on 25th May 2021 for a period of 3 years.

The utilisation by this company amounts to £nil (2019 - £nil).

Prinwest Limited

Notes to the financial statements (continued) For the year ended 31 August 2020

16 Financial commitments

The total of future minimum lease payments under non-cancellable operating leases are as follows:

	Land and Buildings 2020 £	2019 £
Within one year	300,000	351,876
Between one and five years	1,200,000	1,200,000
More than five years	600,000	900,000
	<u>2,100,000</u>	<u>2,451,876</u>

17 Control

The ultimate parent company is Asan Holdings Limited, whose registered office address is First Floor, Durell House, 28 New Street, Jersey, JE2 3RA. Asan Holdings Limited is also the parent company of the largest and smallest group of undertakings for which group financial statements are made up. Copies of the financial statements of the parent company are available from Lynstock House, Lynstock Way, Lostock, Bolton, BL6 4SA.

Mr A I Patel and Mr Y I Patel were the ultimate controlling parties of Asan Holdings Limited, at both the reporting date and preceding year. Further details can be found within the Directors Report.

18 Related party transactions

Other related party transactions

The company has taken advantage of the disclosure exemptions available in FRS 102 Section 33 in relation to balances and transactions between other wholly-owned entities within the group headed by Asan Holdings Limited. The following companies are under the common control of A I Patel and Y I Patel at the reporting date:

Al Madinah Management Company Limited	Linelaunch Limited
Asan Holdings Limited	Lynstock Properties Limited
Assan Pharmacy (South West) Limited	Magali Limited
Assan Pharmacy Limited	Makan Investments Limited
Bridge Pharmacy Limited	Mantle Properties Limited
Brinnington Pharmacy Limited	Market Weighton Pharmacy Limited
Cityfocus Limited	Marsh (Bolton) Limited
Crown Heights Consortium (No 2) Limited	Marsh International Limited
Darwen (H.C.C.) Limited	Maxearn Limited
Denchem Limited	Medihealth (Northern) Limited
Douglas Skeeles Limited	Melling Pharmacy Limited

Prinwest Limited

Notes to the financial statements (continued) For the year ended 31 August 2020

18 Related party transactions (continued)

Eaststone Limited	Middle Chare Pharmacy Limited
Freshney Green Health Consortium Limited	Nash Drug Company Limited
Gorgemead Limited	Northwold Investments Limited
Gorgehill Limited	Old Cross Pharmacy Limited
Group Pharmacy 1968 Limited	Pathvalley Limited
GSH Mossgate Limited	Pharmacy Express Limited
Harvey & Richardson (Holdings) Limited	Quadrant Pharmaceuticals Limited
Harvey & Richardson Limited	R.Hindhaugh (Chemists) Limited
HN Espley & Sons Limited	Ratebrook Limited
Hunt & Marsden (Bolton) Limited	Richardson Pharmacy Limited
James Helgason Limited	Rocket Properties Limited
Jarvis Spencer Jewellery Limited	S&D Ross Limited
JN Murray Holdings Limited	Swingward Limited
JN Murray Limited	Walkboost Limited
Kamal & Associates Limited	Westfrost Limited
Kidderminster Health Consortium Limited	Yorkshire Street Pharmacy Limited
Lilford Plant Ltd	

During the year, the company purchased goods totalling £nil (2019: £11,721), and sold goods totalling £19,092,493 (2019: £19,003,597) from/ to Medihealth Northern Limited, a related party. At the end of the year the balance outstanding to Medihealth Northern Limited was £210,903 (2019: £805,432), included in within creditors: amounts falling due within one year. At the end of the year the balance due from Medihealth Northern Limited was £nil (2019: £nil), included in within debtors: amounts falling due within one year.

During the year, the company purchased goods totalling £19,285 (2019: £17,922), and sold goods totalling £nil (2019: £nil) from/ to Mantle Property Services Limited, a related party. At the end of the year the balance outstanding to Mantle Property Services Limited was £1,051 (2019: £528), included in within creditors: amounts falling due within one year. At the end of the year the balance due from Mantle Property Services Limited was £nil (2019: £52), included in within debtors: amounts falling due within one year.

During the year, the company purchased goods totalling £nil (2019: £nil), and sold goods totalling £nil (2019: £2,350) from/ to Makan Investments Limited, a related party. At the end of the year the balance outstanding to Makan Investments Limited was £nil (2019: £nil), included in within creditors: amounts falling due within one year. At the end of the year the balance due from Makan Investments Limited was £nil (2019: £nil), included in within debtors: amounts falling due within one year.

Prinwest Limited

Notes to the financial statements (continued) For the year ended 31 August 2020

18 Related party transactions (continued)

During the year, the company purchased goods totalling £nil (2019: £nil), and sold goods totalling £10,955 (2019: £9,450) from/ to Eaststone Limited, a related party. At the end of the year the balance outstanding to Eaststone Limited was £nil (2019: £nil), included in within creditors: amounts falling due within one year. At the end of the year the balance due from Eaststone Limited was £2,010 (2019: £1,914), included in within debtors: amounts falling due within one year.

During the year, the company purchased goods totalling £nil (2019: £nil), and sold goods totalling £nil (2019: £3,000) from/ to Magali Limited, a related party. At the end of the year the balance outstanding to Magali Limited was £nil (2019: £nil), included in within creditors: amounts falling due within one year. At the end of the year the balance due from Magali Limited was £nil (2019: £nil), included in within debtors: amounts falling due within one year.

19 Post Balance Sheet Events

On 25th May 2021 the group successfully refinanced and entered a Revolving Credit Facility Agreement. This new facility expires on 25th May 2024.