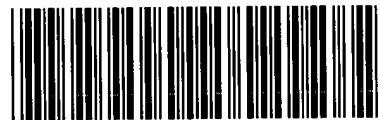


Company Registration No. 05643894 (England and Wales)

**ASHTONS HOSPITAL PHARMACY SERVICES
LIMITED**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JANUARY 2021**

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ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

COMPANY INFORMATION

Directors	Y Tak M England K Hersee M D Goddard
Company number	05643894
Registered office	Unit 4 74 Dyke Road Mews Brighton East Sussex BN1 3JD
Auditor	RSM UK Audit LLP Chartered Accountants 3rd Floor Portland 25 High Street Crawley West Sussex RH10 1BG
Bankers	National Westminster Bank Plc 49 High Street Uckfield East Sussex TN22 1GW

ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2021

The directors present the strategic report for the year ended 31 January 2021.

Review of the business

The company's principal activity comprises that of the provision of pharmacy supplies and professional services to independent hospitals and healthcare providers, across the United Kingdom. The company specialises in enhancing compliance, in medicines management, with Care Quality Commission, Healthcare Improvement Scotland and Healthcare Inspectorate Wales Standards.

In March 2020, the company was acquired by Ashtons Group Holdings Limited, its immediate parent, which was also acquired by LDC IX LP, the ultimate parent undertaking.

For the year ended 31 January 2021, the company's turnover increased to £21.1m (2020: £18.8m). Product sales increased to £17.0m (2020: £14.7m) and service fees decreased to £4.0m (2020: £4.1m). Operating profit increased by £342k to £2.3m (2020: £2.0m).

Other key performance indicators:

Gross margin was 25.4% (2020: 23.9%)

Gross profit was £5.3m (2020: £4.5m)

Operating profit was £2.3m (2020: £2.0m)

The company continued to increase its market share in its core mental health market and has maintained close and long-term working relationships with its key customers. The company continues to offer a unique blend of pharmacy and software services tailored to assist customers to meet their regulatory requirements.

The company has also expanded its services in the hospice market and has invested in key personnel and resources to provide refined services to meet the different customer requirements. The expansion into adjacent health markets will enhance the reputation of being a provider for the wider health care market and dilute the historic customer base.

Whilst some companies have decided otherwise, in an increasingly regulatory market, Ashtons holds a Medicine & Healthcare Products Regulatory Agency Licence and a General Pharmaceutical Council Licence to enable the supply of both wholesale and named patient medication. In 2019, Ashtons achieved Cyber Essentials Plus in recognition of their IT security.

The company has developed a bespoke electronic prescribing and medicines administration (EPMA) software. The software will replace the paper prescription charts used in hospitals. This software as a service (SAAS) model will provide a further revenue stream in 2021-22.

Principal risks and uncertainties

Economic and market risk

The Government's policy on NHS funding, particularly the treatment of mental health patients will directly impact on the company's customer base and indirectly impact on the company's performance. The Care Quality Commission, Healthcare Improvement for Scotland and Healthcare Inspectorate Wales are responsible for overseeing compliance within the industry and their policy on compliance may impact the company. The company continues to expand into other markets, including hospices, ophthalmic clinics and community facilities, to minimise the risk.

Credit Risk

The company offers credit terms for trade accounts and therefore, there is a risk in respect of its sales activities. Adverse changes in the UK economic conditions could reduce the recoverability of company assets.

To mitigate credit risk the company undertakes credit searches on new accounts and regularly reviews credit limits.

ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

Liquidity risk

The company manages its cash flow in order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments. A detailed cash flow is updated and monitored on a daily basis to manage the day to day spending of the company and to forecast the cash flow of the business on a short-term basis.

Stock obsolescence

The company has live information on stock levels and carries out rolling daily stock takes to ensure that stock is recorded at the lower of cost and net realisable value. Stock that is potentially obsolete is provided for within the financial statements.

IT systems and infrastructure risk

The company has some dependency on its IT infrastructure to trade and the company could be impacted by a failure in the IT systems. Regular testing and updates are undertaken by the company to ensure the continued integrity and efficiency of its systems. A full back-up procedure and disaster recovery system is in place.

Future outlook and impact of COVID-19

Whilst continuing to grow its market share in the company's core mental health sector, the Directors believe that there is significant potential growth opportunities in other sectors within the health industry and are placing greater focus on these areas.

In their assessment of the application of the going concern basis of preparation of these financial statements the directors have considered the impact of Covid-19 on the ability of the company to continue in operational existence over a period of at least twelve months from the date of approval of these financial statements. This is as set out in the accounting policies on page 11.

Ashtons Hospital Pharmacy Services is a main supplier in the key healthcare sector and has consequently seen strong and at times record sales, since the full impact of the pandemic affected the UK. New sales opportunities have been available, notably in the supply of personal protection equipment, and the financial impact of Covid-19 remains negligible. The company remains financially strong and has sufficient funds to support the business.

On behalf of the board



K Hersee

Director

Date: 29/7/21

ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2021

The directors present their annual report and financial statements for the year ended 31 January 2021.

Principal activities

The principal activity of the company continued to be that of the provision of pharmacy supplies and professional services to independent hospitals and healthcare providers, across the United Kingdom. In March 2020, the company was acquired by Ashtons Group Holdings Limited.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £2,831,443. The directors do not recommend payment of a final dividend.

Directors

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

L S Sprey	(Resigned 3 March 2020)
H Sprey	(Resigned 3 March 2020)
Y Tak	
M England	
K Hersee	
M D Goddard	(Appointed 3 March 2020)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Auditor

RSM UK Audit LLP were appointed in the year and have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

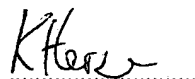
Strategic report

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

Statement of disclosure to auditor

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

On behalf of the board



K Hersee

Director

Date: 29/7/21

ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 JANUARY 2021

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

Opinion

We have audited the financial statements of Ashtons Hospital Pharmacy Services Limited (the 'company') for the year ended 31 January 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHTONS HOSPITAL PHARMACY SERVICES LIMITED (CONTINUED)

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 directors' report.

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

- adequate accounting records have not been kept, 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 directors' responsibilities statement set out on page 4, 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.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHTONS HOSPITAL PHARMACY SERVICES LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Medicines and Healthcare products Regulatory Agency (MHRA) Regulations and the General Pharmaceutical Council (GPhC) Regulations. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations including review of the latest MHRA inspection documentation.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Zoe Rudling (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3rd Floor
Portland
25 High Street
Crawley
West Sussex, RH10 1BG
30 July 2021...

ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

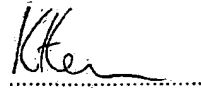
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JANUARY 2021

		2021	2020
	Notes	£	as restated £
Turnover	3	21,053,409	18,808,101
Cost of sales		(15,714,041)	(14,309,750)
Gross profit		5,339,368	4,498,351
Administrative expenses		(2,993,462)	(2,494,483)
Operating profit	7	2,345,906	2,003,868
Interest receivable and similar income	8	1,175	-
Interest payable and similar expenses	9	(15,705)	(79,027)
Profit before taxation		2,331,376	1,924,841
Tax on profit	10	(225,413)	122,639
Profit for the financial year		2,105,963	2,047,480

ASHTONS HOSPITAL PHARMACY SERVICES LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 JANUARY 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	12	248,229		66,096	
Tangible assets	13	85,447		89,543	
		<u>333,676</u>		<u>155,639</u>	
Current assets					
Stocks	14	890,895		643,589	
Debtors	15	4,151,434		8,688,619	
Cash at bank and in hand		1,777,745		50,247	
		<u>6,820,074</u>		<u>9,382,455</u>	
Creditors: amounts falling due within one year	16	(3,595,649)		(5,092,525)	
Net current assets		<u>3,224,425</u>		<u>4,289,930</u>	
Total assets less current liabilities		<u>3,558,101</u>		<u>4,445,569</u>	
Creditors: amounts falling due after more than one year	17	-		(291,302)	
Provisions for liabilities	19	(129,315)		-	
Net assets		<u>3,428,786</u>		<u>4,154,267</u>	
Capital and reserves					
Called up share capital	22	211		211	
Share premium account	23	3,600		3,600	
Profit and loss reserves	23	3,424,975		4,150,456	
Total equity		<u>3,428,786</u>		<u>4,154,267</u>	

The financial statements were approved by the board of directors and authorised for issue on 29 July 2021 and are signed on its behalf by:



K. Hersee
Director

ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JANUARY 2021

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 February 2019		213	3,600	2,102,975	2,106,788
Year ended 31 January 2020:					
Profit and total comprehensive income for the year		-	-	2,047,480	2,047,480
Issue of share capital	22	32	-	-	32
Reduction of shares	22	(34)	-	-	(34)
Balance at 31 January 2020		211	3,600	4,150,455	4,154,266
Year ended 31 January 2021:					
Profit and total comprehensive income for the year		-	-	2,105,963	2,105,963
Dividends	11	-	-	(2,831,443)	(2,831,443)
Balance at 31 January 2021		211	3,600	3,424,975	3,428,786

ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies

Company information

Ashtons Hospital Pharmacy Services Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Unit 4, 74 Dyke Road Mews, Brighton, East Sussex, BN1 3JD.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Ashtons Group Holdings Limited. These consolidated financial statements are publicly available from Companies House or available from its registered office, Unit 4, 74 Dyke Road Mews, Brighton, England, BN1 3JD.

Going concern

The company is a main supplier to the key healthcare sector and there has been no adverse financial impact due to Covid-19. The directors have made this assessment based on cashflow forecasts made for the period to 31 January 2023. These forecasts take into consideration growth expectations as well as the timing of loan note repayments and interest payments. The directors have therefore a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT, other sales related taxes and discounts.

ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies (Continued)

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

Revenue from the rendering of services is measured by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Intangible fixed assets other than goodwill

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

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

Software	20% - 33.3% straight line
Development costs	33.3% straight line

Tangible fixed assets

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

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

Plant and equipment	14% - 33.3% straight line
Motor vehicles	14% - 33.3% straight line

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

Impairment of fixed assets

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

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow-moving items.

ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies (Continued)

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

Cash and cash equivalents

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

Financial instruments

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

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

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 trade and other 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and bank loans, 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.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

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

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Provisions

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

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

ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies (Continued)

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

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

Employee benefits

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

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

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

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using fair the Black Scholes model. The value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Leases

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

ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Capitalised software development

In determining the amounts to be capitalised, management must exercise judgement on the nature of development work undertaken by employees. Expenditure can be capital in nature (relating to the development of new software) or operational in nature (on-going maintenance of software). If the development costs can be attributed to the design and build of identifiable, separable software systems or functions that are expected to generate future economic benefits, they are recognised as intangible assets.

Reclassification of staff costs in prior years

During the year the Directors have reviewed the classification of staff costs within the Statement of Comprehensive Income and reclassified £2,207,942 from administrative expenses to cost of sales. This change in classification was implemented to provide a more accurate gross profit based on the time staff spend relating to direct services.

Gross profit in the comparative year reduced from £6,706,293 to £4,498,351. There was no impact to net profit current or prior year.

There is no impact on the statement of financial position, or net assets of the company from this change.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful lives of capitalised development costs

Capitalised development costs are amortised over their useful lives. Useful lives are based on management's estimates of the periods that the assets will generate revenues, which are periodically reviewed for continued appropriateness. Changes to estimates can result in variations in the carrying values and amounts charged to the statement of comprehensive income in specific periods.

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Supply of medications and goods	17,012,898	14,743,935
Pharmacy services	4,016,336	4,064,166
Software sales	24,175	-
	<u>21,053,409</u>	<u>18,808,101</u>

ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

3 Turnover and other revenue (Continued)

Turnover is attributable to the principal activities of the company wholly undertaken in the United Kingdom.

4 Employees

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

	2021 Number	2020 Number
Production staff	49	51
Administrative staff	59	44
Total	108	95

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	3,444,391	2,827,474
Social security costs	482,411	194,690
Pension costs	63,343	48,555
	3,990,145	3,070,179

5 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	527,810	459,104
Company pension contributions to defined contribution schemes	4,830	3,859
	532,640	462,963

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2020 - 4).

The number of directors who exercised share options during the year was 0 (2020 - 3).

ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

5 Directors' remuneration (Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	192,240	159,409
Company pension contributions to defined contribution schemes	1,313	1,231

6 Share-based payment transactions

A Company Enterprise Management Initiative (EMI) scheme was set up in January 2017 for certain employees. The options were exercised in full on 29 January 2020 with the issuance of 3,234 Ordinary A shares, to three directors.

	Number of share options		Weighted average exercise price	
	2021 Number	2020 Number	2021 £	2020 £
Outstanding at 1 February 2020	-	3,234	-	0.01
Exercised	-	(3,234)	-	0.01
Outstanding at 31 January 2021	-	-	-	-
Exercisable at 31 January 2021	-	-	-	-

7 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	38,500	32,000
Depreciation of owned tangible fixed assets	53,735	58,241
Loss on disposal of tangible fixed assets	204	-
Amortisation of intangible assets	69,731	41,999
Impairment of stocks recognised or reversed	350,147	129,473
Operating lease charges	176,673	206,678

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	1,175	-

ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

9 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and loans	15,705	78,756
Interest on finance leases and hire purchase contracts	-	271
	<u>15,705</u>	<u>79,027</u>

10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	179,063	-
Adjustments in respect of prior periods	(18,789)	(284,091)
Total current tax	<u>160,274</u>	<u>(284,091)</u>
Deferred tax		
Origination and reversal of timing differences	58,551	180,447
Changes in tax rates	(446)	(18,995)
Adjustment in respect of prior periods	7,034	-
Total deferred tax	<u>65,139</u>	<u>161,452</u>
Total tax charge/(credit)	<u>225,413</u>	<u>(122,639)</u>

The total tax charge/(credit) for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	<u>2,331,376</u>	<u>1,924,841</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	442,961	365,720
Tax effect of expenses that are not deductible in determining taxable profit	2,433	222,453
Adjustments in respect of prior years	(18,789)	(284,091)
Group relief	(175,425)	-
Research and development tax credit	(32,355)	-
Other permanent differences	-	290,056
Deferred tax adjustments in respect of prior years	7,034	-
Tax rate changes	(446)	(18,995)
Share options	-	(697,782)
Taxation charge/(credit) for the year	<u>225,413</u>	<u>(122,639)</u>

ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

10 Taxation (Continued)

The UK main corporation tax rate was expected to reduce to 17% from 1 April 2020, as announced in the Finance Bill 2016, which was substantively enacted on 12 September 2016.

In the Budget of 11 March 2020, the Chancellor announced the reversal of the previously enacted reduction in the rate of corporation tax. This reversal was subsequently confirmed by a resolution under the Provisional Collection of Taxes Act 1968, which set the rate at 19%. Deferred tax has been recognised at the 31 December 2020 enacted rate of 19%.

11 Dividends

	2021 £	2020 £
Interim paid (£133.98 per share)	2,831,443	-

12 Intangible fixed assets

	Software £	Development costs £	Total £
Cost			
At 1 February 2020	350,452	-	350,452
Additions - internally developed	-	218,406	218,406
Additions - separately acquired	33,458	-	33,458
Disposals	(12,720)	-	(12,720)
Transfers	(47,290)	47,290	-
At 31 January 2021	323,900	265,696	589,596
Amortisation and impairment			
At 1 February 2020	284,356	-	284,356
Amortisation charged for the year	29,977	39,754	69,731
Disposals	(12,720)	-	(12,720)
Transfers	(1,314)	1,314	-
At 31 January 2021	300,299	41,068	341,367
Carrying amount			
At 31 January 2021	23,601	224,628	248,229
At 31 January 2020	66,096	-	66,096

Amortisation charge is included within administrative expenses.

ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

13 Tangible fixed assets

	Plant and equipment £	Motor vehicles £	Total £
Cost			
At 1 February 2020	526,962	40,414	567,376
Additions	49,844	-	49,844
Disposals	(37,541)	(40,414)	(77,955)
At 31 January 2021	539,265	-	539,265
Depreciation and impairment			
At 1 February 2020	437,420	40,414	477,834
Depreciation charged in the year	53,735	-	53,735
Eliminated in respect of disposals	(37,337)	(40,414)	(77,751)
At 31 January 2021	453,818	-	453,818
Carrying amount			
At 31 January 2021	85,447	-	85,447
At 31 January 2020	89,543	-	89,543

14 Stocks

	2021 £	2020 £
Raw materials and consumables	890,895	643,589

Inventories are stated after provisions for impairment of £31,910 (2020: £27,934).

15 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	2,940,745	2,455,744
Amounts owed by group undertakings	98,655	-
Amounts owed by related parties	-	5,023,789
Other debtors	1,038,754	1,198,262
Prepayments and accrued income	73,280	-
	4,151,434	8,677,795

ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

15 Debtors (Continued)

	2021 £	2020 £
Amounts falling due after more than one year:		
Deferred tax asset (note 20)	-	10,824
Total debtors	4,151,434	8,688,619

Included within other debtors is s455 tax of £996,213 (2020: £996,213).

16 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	18	-	2,111,932
Trade creditors		2,738,849	2,331,296
Corporation tax		165,264	51,979
Other taxation and social security		277,501	138,895
Other creditors		13,190	-
Accruals and deferred income		400,845	458,423
		3,595,649	5,092,525

17 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	18	-	291,302

18 Borrowings

	2021 £	2020 £
Bank loans	-	391,302
Bank overdrafts	-	2,011,932
	-	2,403,234
Payable within one year	-	2,111,932
Payable after one year	-	291,302

The bank loan in the previous year was secured by a fixed and floating charge over all the current and future assets of the company. The interest rate was 3.55% above Base Rate. All loans and bank overdrafts were fully repaid during the year.

ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

19 Provisions for liabilities

	Notes	2021 £	2020 £
Dilapidations		75,000	-
Deferred tax liabilities	20	54,315	-
		<u>129,315</u>	<u>-</u>

Movements on provisions apart from deferred tax liabilities:

	Dilapidations £
Additional provisions in the year	<u>75,000</u>

20 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Liabilities 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
Balances:				
Fixed asset timing differences	55,387	-	-	(17,332)
Tax losses	-	-	-	28,156
Short term timing differences	(1,072)	-	-	-
	<u>54,315</u>	<u>-</u>	<u>-</u>	<u>10,824</u>

	2021 £
Movements in the year:	
Asset at 1 February 2020	(10,824)
Charge to profit or loss	<u>65,139</u>
Liability at 31 January 2021	<u>54,315</u>

The deferred tax liability set out above is expected to reverse over the life of the assets that they relate to.

ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

21 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	63,343	49,709

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. £5,639 was outstanding as at 31 January 2021 (2020: £nil).

22 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary A shares of 1p each	21,134	21,134	211	211
F Share of 1p each	1	1	-	-

The A ordinary shares carry no right to fixed income, have full dividend and voting rights and repayment of capital upon winding up.

The F ordinary share carries no right to fixed income and does not carry voting rights. The share has full dividend rights and the right to repayment of capital on winding up.

23 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

24 Financial commitments, guarantees and contingent liabilities

The company has guaranteed the borrowings of its parent undertaking as part of the group banking arrangements. This guarantee is secured by a fixed and floating charge over the assets of the company. At 31 January 2021, the contingent liability in respect of this guarantee was £5,211,250, which represents the total bank loans.

ASHTONS HOSPITAL PHARMACY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

25 Operating lease commitments

Lessee

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

	2021 £	2020 £
Within one year	163,320	150,251
Between one and five years	154,228	68,742
	<u>317,548</u>	<u>218,993</u>

26 Related party transactions

Transactions with related parties

	Sales 2021 £	2020 £
Key management personnel	<u>1,000</u>	<u>-</u>

During the year, the company received payment in full of £5,023,790 which was owed by a previous director, Mr L S Sprey, at the prior year end. The balance was non-interest bearing. At the balance sheet date there was no outstanding balance due from Mr L S Sprey.

27 Directors' transactions

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Loan to director of the company	-	5,023,790	25,000	(5,048,790)	-
		<u>5,023,790</u>	<u>25,000</u>	<u>(5,048,790)</u>	<u>-</u>

28 Ultimate controlling party

During the year 100% of the share capital of the company was acquired by Ashtons Group Holdings Limited, which is the immediate parent company incorporated in the United Kingdom.

Ashtons Group Holdings Limited is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Ashtons Group Holdings Limited consolidated financial statements for the period ended 31 January 2021 are publicly available and can be obtained from Companies House.

The ultimate parent undertaking is LDC IX LP, a company incorporated in the United Kingdom, by virtue of their 75.8% holding of the ordinary shares of the company.