

Company registration number 06455188 (England and Wales)

JHOOTS PHARMACY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



JHOOTS PHARMACY LIMITED

COMPANY INFORMATION

Director	Mr S Jhooty
Company number	06455188
Registered office	Jhoots Group International House 20 Hatherton Street Walsall West Midlands WS4 2LA
Auditor	AGS Accountants & Business Advisors Limited Unit 1 Castle Court 2 Castlegate Way Dudley DY1 4RH

JHOOTS PHARMACY LIMITED

CONTENTS

	Page
Strategic report	1
Director's report	2 - 3
Independent auditor's report	4 - 6
Profit and loss account	7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 23

JHOOTS PHARMACY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The director presents the strategic report for the year ended 31 December 2021.

Fair review of the business

The results of the year are detailed on page 7.

Turnover increased from £8,748,090 to £9,880,796 in the year ended 31 December 2021.

There was an operating loss of £1,196,365 compared to an operating profit of £457,448 in the previous year.

The Company has struggled to make the same level of profit as the prior year due to staffing issues due to COVID (infections etc). The company also incurred legal fees with regards to acquisitions within the year.

Principal risks and uncertainties

Markets and competition

The pharmacy market is heavily regulated therefore the risk of competitive pressure is low. The previous limited exemptions available to gain pharmacy contracts have been further removed thereby reducing risk further. We do not envisage any significant effect from the market or competitors.

Financial risk

The majority of our Business is dispensary based, The price of medicines and fees are set centrally. The only real financial risk for the company is dependent upon the centrally funded pharmacy contract. We do not foresee a change in this in the immediate future.

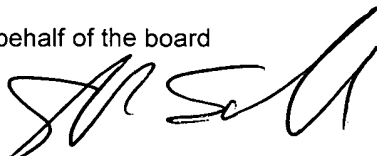
Development and performance

NHS funding is under significant strain. Although we do not expect any reduction in funding, we do not anticipate any significant increase. We expect the next year to be challenging given the recent events but we are well placed to take advantage of any opportunities.

Other performance indicators

KPIs used by management are margins over gross profit, operating profit and EBITDA (Earnings before interest, tax, depreciation and amortisation) all of which can be determined from the information on page 7.

On behalf of the board



Mr S Jhooty
Director

10 October 2022

JHOOTS PHARMACY LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The director presents his annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of pharmaceutical trading.

Results and dividends

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

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Director

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

Mr S Jhooty

Auditor

In accordance with the company's articles, a resolution proposing that AGS Accountants & Business Advisors Limited be reappointed as auditor of the company will be put at a General Meeting.

Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

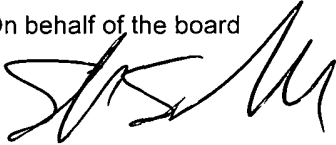
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to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

JHOOTS PHARMACY LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

On behalf of the board



Mr S Jhooty
Director

10 October 2022

JHOOTS PHARMACY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF JHOOTS PHARMACY LIMITED

Opinion

We have audited the financial statements of Jhoots Pharmacy Limited (the 'company') for the year ended 31 December 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *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 director's 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 director 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 director is 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.

JHOOTS PHARMACY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF JHOOTS PHARMACY LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Enquiry of management and those charged with governance around actual and potential litigation and claims.
- Enquiry of staff in compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

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

JHOOTS PHARMACY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF JHOOTS PHARMACY LIMITED

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.



Kevin Corey (Senior Statutory Auditor)

**For and on behalf of AGS Accountants & Business Advisors
Limited**

10 October 2022

**Certified Accountants
Statutory Auditor**

Unit 1
Castle Court 2
Castlegate Way
Dudley
DY1 4RH

JHOOTS PHARMACY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	9,880,796	8,748,090
Cost of sales		(6,132,616)	(5,423,479)
Gross profit		3,748,180	3,324,611
Administrative expenses		(4,984,256)	(3,162,675)
Other operating income		39,711	295,512
(Loss)/profit before taxation		(1,196,365)	457,448
Tax on (loss)/profit	7	141,583	13,694
(Loss)/profit for the financial year		(1,054,782)	471,142

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

JHOOTS PHARMACY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
(Loss)/profit for the year	(1,054,782)	471,142
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(1,054,782)</u>	<u>471,142</u>

JHOOTS PHARMACY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Goodwill	8	2,453,179		1,573,731	
Tangible assets	9	248,361		143,319	
Investments	10	180,318		180,318	
		<u>2,881,858</u>		<u>1,897,368</u>	
Current assets					
Stocks	11	428,214		344,505	
Debtors	12	1,364,328		2,830,951	
Cash at bank and in hand		189,250		35,199	
		<u>1,981,792</u>		<u>3,210,655</u>	
Creditors: amounts falling due within one year	13	<u>(3,923,218)</u>		<u>(3,101,022)</u>	
Net current (liabilities)/assets		<u>(1,941,426)</u>		<u>109,633</u>	
Total assets less current liabilities		<u>940,432</u>		<u>2,007,001</u>	
Provisions for liabilities					
Deferred tax liability	14	-		11,787	
		<u>-</u>		<u>(11,787)</u>	
Net assets		<u>940,432</u>		<u>1,995,214</u>	
Capital and reserves					
Called up share capital	16	1		1	
Profit and loss reserves		940,431		1,995,213	
Total equity		<u>940,432</u>		<u>1,995,214</u>	

The financial statements were approved and signed by the director and authorised for issue on 10 October 2022


Mr S Jhooty
Director

Company Registration No. 06455188

JHOOTS PHARMACY LIMITED

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

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2020	1	1,524,071	1,524,072
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	471,142	471,142
Balance at 31 December 2020	1	1,995,213	1,995,214
Year ended 31 December 2021:			
Loss and total comprehensive income for the year	-	(1,054,782)	(1,054,782)
Balance at 31 December 2021	1	940,431	940,432

JHOOTS PHARMACY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	19		1,404,310		(675,916)
Income taxes paid			(108,793)		-
Net cash inflow/(outflow) from operating activities			1,295,517		(675,916)
Investing activities					
Purchase of intangible assets		(1,012,750)		-	
Proceeds on disposal of intangibles		-		796,000	
Purchase of tangible fixed assets		(128,716)		(89,278)	
Net cash (used in)/generated from investing activities			(1,141,466)		706,722
Net increase in cash and cash equivalents			154,051		30,806
Cash and cash equivalents at beginning of year			35,199		4,393
Cash and cash equivalents at end of year			189,250		35,199

JHOOTS PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Jhoots Pharmacy Limited is a private company limited by shares incorporated in England and Wales. The registered office is Jhoots Group International House, 20 Hatherton Street, Walsall, West Midlands, WS4 2LA.

1.1 Accounting convention

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

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

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

1.2 Going concern

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

1.3 Turnover

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

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

1.4 Intangible fixed assets - goodwill

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

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

1.5 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.

JHOOTS PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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

Fixtures and fittings	10% Straight line
Motor vehicles	25% Reducing balance

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.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

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

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

1.7 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.

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

1.8 Stocks

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

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

1.9 Cash and cash equivalents

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

JHOOTS PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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.

JHOOTS PHARMACY LIMITED

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

1 Accounting policies

(Continued)

Basic financial liabilities

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

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.11 Equity instruments

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

1.12 Taxation

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

Current tax

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

JHOOTS PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Deferred tax

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

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

1.13 Employee benefits

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

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

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

1.14 Retirement benefits

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

1.15 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.

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

1.16 Government grants

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

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

JHOOTS PHARMACY LIMITED

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

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
United Kingdom	9,880,796	8,748,090
	<u> </u>	<u> </u>
	2021 £	2020 £
Other revenue		
Grants received	-	295,512
	<u> </u>	<u> </u>

4 Operating (loss)/profit

	2021 £	2020 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Government grants	-	(295,512)
Depreciation of owned tangible fixed assets	23,674	14,456
Amortisation of intangible assets	133,302	105,679
Profit on disposal of intangible assets	-	(553,922)
Operating lease charges	648,275	573,406
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	8,000	16,000
	<u> </u>	<u> </u>

JHOOTS PHARMACY LIMITED

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

6 Employees

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

2021 Number	2020 Number
132	97

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,528,775	1,033,727
Social security costs	84,913	58,028
Pension costs	20,616	12,784
	<u>1,634,304</u>	<u>1,104,539</u>

7 Taxation

	2021 £	2020 £
Current tax		
Adjustments in respect of prior periods	(129,796)	(12,467)
Deferred tax		
Origination and reversal of timing differences	(11,787)	(1,227)
Total tax credit	<u>(141,583)</u>	<u>(13,694)</u>

JHOOTS PHARMACY LIMITED

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

7 Taxation

(Continued)

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

	2021 £	2020 £
(Loss)/profit before taxation	(1,196,365)	457,448
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(227,309)	86,915
Tax effect of expenses that are not deductible in determining taxable profit	(30,244)	-
Gains not taxable	-	(105,244)
Unutilised tax losses carried forward	129,796	-
Permanent capital allowances in excess of depreciation	(24,456)	(16,963)
Depreciation on assets not qualifying for tax allowances	29,825	2,746
Amortisation on assets not qualifying for tax allowances	-	20,079
Other permanent differences	(7,408)	-
Deferred tax adjustments in respect of prior years	(11,787)	(1,227)
Taxation credit for the year	(141,583)	(13,694)

8 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2021	2,052,185
Additions	1,012,750
At 31 December 2021	3,064,935
Amortisation and impairment	
At 1 January 2021	478,454
Amortisation charged for the year	133,302
At 31 December 2021	611,756
Carrying amount	
At 31 December 2021	2,453,179
At 31 December 2020	1,573,731

JHOOTS PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Tangible fixed assets

	Fixtures and fittings £	Motor vehicles £	Total £
Cost			
At 1 January 2021	177,071	8,940	186,011
Additions	128,716	-	128,716
At 31 December 2021	305,787	8,940	314,727
Depreciation and impairment			
At 1 January 2021	35,431	7,261	42,692
Depreciation charged in the year	23,254	420	23,674
At 31 December 2021	58,685	7,681	66,366
Carrying amount			
At 31 December 2021	247,102	1,259	248,361
At 31 December 2020	141,640	1,679	143,319

10 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries		180,318	180,318

The fixed asset investment represents Jhoots Pharmacy's controlling interest in Billingham Health Limited

11 Stocks

	2021 £	2020 £
Finished goods and goods for resale	428,214	344,505

12 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	599,869	614,103
Corporation tax recoverable	144	-
Other debtors	549,391	2,066,297
Prepayments and accrued income	214,924	150,551
	1,364,328	2,830,951

JHOOTS PHARMACY LIMITED

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

13 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	1,618,324	1,540,720
Corporation tax	-	238,445
Other taxation and social security	44,779	34,952
Other creditors	1,771,290	54,581
Accruals and deferred income	488,825	1,232,324
	<u>3,923,218</u>	<u>3,101,022</u>

14 Deferred taxation

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

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	-	11,787
	<u>-</u>	<u>11,787</u>
Movements in the year:		2021 £
Liability at 1 January 2021		11,787
Credit to profit or loss		(11,787)
		<u>-</u>
Liability at 31 December 2021		<u>-</u>

15 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>20,616</u>	<u>12,784</u>

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.

JHOOTS PHARMACY LIMITED

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

16 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid Ordinary of £1 each	1	1	1	1

17 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	486,275	371,861
Between two and five years	1,757,187	1,372,942
In over five years	2,806,358	2,384,735
	<u>5,049,820</u>	<u>4,129,538</u>

18 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

The following amounts were outstanding at the reporting end date:

	2021 £	2020 £
Amounts due to related parties		
Other related parties	<u>1,716,709</u>	<u>-</u>

The following amounts were outstanding at the reporting end date:

	2021 £	2020 £
Amounts due from related parties		
Other related parties	<u>95,942</u>	<u>1,745,483</u>

JHOOTS PHARMACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

18 Related party transactions

(Continued)

During the year the company sold goods of £10,423,819 and bought goods of £13,045,288 from Jhoots Chemist Limited. As at 31 December 2021 the company was owed £95,942 (2020 : (£1,745,483)) from Jhoots Chemist Limited.

The company owed £1,313,257 (2020: £nil) to Jhoots Healthcare Limited and £403,452 (2020: £nil) to PSAB Limited.

19 Cash generated from/(absorbed by) operations

	2021 £	2020 £
(Loss)/profit for the year after tax	(1,054,782)	471,142
Adjustments for:		
Taxation credited	(141,583)	(13,694)
Gain on disposal of intangible assets	-	(553,922)
Amortisation and impairment of intangible assets	133,302	105,679
Depreciation and impairment of tangible fixed assets	23,674	14,456
Movements in working capital:		
(Increase)/decrease in stocks	(83,709)	124,727
Decrease/(increase) in debtors	1,466,767	(1,012,448)
Increase in creditors	1,060,641	188,144
Cash generated from/(absorbed by) operations	1,404,310	(675,916)

20 Analysis of changes in net funds

	1 January 2021 £	Cash flows £	31 December 2021 £
Cash at bank and in hand	35,199	154,051	189,250