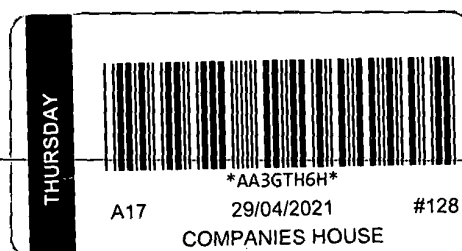


Company Registration No. 09971402 (England and Wales)

DALEACRE HEALTHCARE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020



DALEACRE HEALTHCARE LIMITED

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DALEACRE HEALTHCARE LIMITED

COMPANY INFORMATION

Directors	Daleacre Holdings Limited Mr R E McDonald Mr I C McKenzie Mr J Such Mrs E J Haddon Mr D R Evans Mrs J A W Evans	(Appointed 1 March 2020)
Company number	09971402	
Registered office	11 Wilsthorpe Road Breaston Derby Derbyshire DE72 3EA	
Auditor	McGregors Corporate i2 Mansfield Suite 0.3 Hamilton Court Oakham Business Park Mansfield Nottinghamshire United Kingdom NG18 5FB	

DALEACRE HEALTHCARE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2020

The directors present the strategic report for the year ended 31 July 2020.

Fair review of the business

The company did not acquire any pharmacies during the financial year.

Despite the Covid-19 crisis, the period has been a satisfactory one showing significant organic growth in both Turnover and NHS activity, and the directors expect this to continue in the coming year despite ongoing changes in the regulatory framework affecting pharmacies, and the NHS in general.

Continuing growth is dependent upon the overall market for health services within this country and the level of government funding to pharmacy and the NHS.

Throughout the financial year ending July 2020, the company has benefitted from the discontinuation of the claw back imposed on pharmacies in England due to the 2017 funding settlement. This claw back ceased in late summer 2019, and since then the performance of the company and the gross margin has been much improved. There is strong evidence of ongoing government underfunding to the sector which will need to be made good in the next NHS funding settlement.

Since the year end the company has continued to see significant increases in prescription turnover although retail sales of medicines have declined due to the impact of social distancing and the lack of winter illnesses in the community. The company has however seen an increase in demand for private services related to the pandemic and this has offset any reduction in medicines sales.

Personal Protection Equipment (PPE) and safety barriers have been installed in all pharmacies to mitigate the risk of virus transmission and to protect staff, and the company has only suffered minimal disruption to operations from outbreaks of the virus.

The company received advance payments from the NHS during the year to deal with rising drug costs due to the pandemic amounting to £400,019. These payments are not additional payments and as at the date of signing these accounts are still scheduled to be reconciled and off set against future NHS income. As such they have not been recognised as income, instead being treated as creditors until such time as there is clarity on their treatment from the NHS.

The company also received the Retail, Hospitality & Leisure grants available to qualifying businesses, which amounted to £130,000 during the year.

DALEACRE HEALTHCARE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

Principal risks and uncertainties

Business risks

The main risks to the business are namely the reliance on the government and NHS which provide both the majority of business and control the drug tariff prices paid, and activities of the major competitors within the locality.

The aim is to mitigate the risks of the business as much as possible through active involvement in policy making processes, and by ensuring good relations with the doctors' surgeries, proximity to the doctors' surgeries, developing and maintaining good customer relations and by monitoring purchasing costs constantly.

Financial risks

The company's principal financial instruments comprise bank balances, bank loans and overdrafts, trade creditors and trade debtors. The main purpose of these instruments is to raise funds for the company's operations.

The company also has the option to finance business expansion by using related funding from trust fund and family investors, to minimise the risk of exposure to traditional methods of finance in uncertain times.

Due to the value and nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility, through the use of overdrafts at floating rates of interest.

The majority of trade debtors represent amounts owed by the NHS. Other trade debtors are managed closely in respect of credit and cash flow risk.

Trade creditor liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

FUTURE DEVELOPMENTS

The company continues to look for expansion by acquisition, internal means, and by increasingly providing services to other health professionals within the NHS.

The company is dependent on the continued expansion of the UK market in health services and products.

Shortly after the end of the financial year the company acquired the freehold of one of the remaining leasehold units it occupies, along with several adjacent retail properties and car parking.

DALEACRE HEALTHCARE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

Key performance indicators

The key performance indicators for the company are as follows:

	2020	2019
Total Turnover	£10,879,512	£9,937,647
Operating Profit/(Loss)	(£130,562)	(£380,117)
EBITDA *	£25,563	(£218,744)
Number of Branches	10	10
Number of Pharmacy Freeholds	9	9

EBITDA * Earnings before interest, tax ,depreciation and amortisation

On behalf of the board



Mr D R Evans

Director

27 April 2021

DALEACRE HEALTHCARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2020

The directors present their annual report and financial statements for the year ended 31 July 2020.

Principal activities

The principal activity of the company continued to be that of pharmacies.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. 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:

Daleacre Holdings Limited

Mr R E McDonald

Mr I C McKenzie

Mr J Such

Mrs E J Haddon

(Appointed 1 March 2020)

Mr D R Evans

Mrs J A W Evans

Auditor

In accordance with the company's articles, a resolution proposing that McGregors Corporate be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

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

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

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

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

Statement 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.

DALEACRE HEALTHCARE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

On behalf of the board



Mr D R Evans
Director

27 April 2021

DALEACRE HEALTHCARE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DALEACRE HEALTHCARE LIMITED

Opinion

We have audited the financial statements of Daleacre Healthcare Limited (the 'company') for the year ended 31 July 2020 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 a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 July 2020 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

DALEACRE HEALTHCARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DALEACRE HEALTHCARE 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 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.

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 and the directors' report.

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

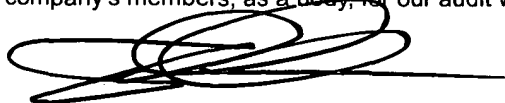
DALEACRE HEALTHCARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DALEACRE HEALTHCARE LIMITED

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.



Christopher Holder BA BFP FCA
For and on behalf of McGregors Corporate

28/04/2021

Chartered Accountants &
Statutory Auditors

Office Suite 0-3
Hamilton Court
Oakham Business Park
Mansfield
Nottinghamshire
United Kingdom
NG18 5FB

DALEACRE HEALTHCARE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £	2019 £
Turnover	3	10,879,511	9,937,647
Cost of sales		(9,851,980)	(9,333,669)
Gross profit		1,027,531	603,978
Administrative expenses		(1,456,016)	(1,296,597)
Other operating income		297,923	312,502
Operating loss	4	(130,562)	(380,117)
Interest payable and similar expenses	7	(17,902)	(19,773)
Loss before taxation		(148,464)	(399,890)
Tax on loss	8	-	-
Loss for the financial year		(148,464)	(399,890)

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

DALEACRE HEALTHCARE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2020

	2020 £	2019 £
Loss for the year	(148,464)	(399,890)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(148,464)</u>	<u>(399,890)</u>

DALEACRE HEALTHCARE LIMITED

BALANCE SHEET

AS AT 31 JULY 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Goodwill	9	6,330,412		6,330,412	
Other intangible assets	9	3,950,000		3,950,000	
Total intangible assets		10,280,412		10,280,412	
Tangible assets	10	2,460,366		2,904,725	
Investment properties	11	1,720,290		1,422,780	
Investments	12	896,674		896,174	
		15,357,742		15,504,091	
Current assets					
Stocks	14	526,416		488,451	
Debtors	15	1,126,328		1,706,264	
Cash at bank and in hand		703,317		3,490	
		2,356,061		2,198,205	
Creditors: amounts falling due within one year	16	(4,531,339)		(4,324,431)	
Net current liabilities		(2,175,278)		(2,126,226)	
Total assets less current liabilities		13,182,464		13,377,865	
Creditors: amounts falling due after more than one year	17	(315,135)		(362,072)	
Net assets		12,867,329		13,015,793	
Capital and reserves					
Called up share capital	20	14,033,676		14,033,676	
Profit and loss reserves		(1,166,347)		(1,017,883)	
Total equity		12,867,329		13,015,793	

The financial statements were approved by the board of directors and authorised for issue on 27 April 2021 and are signed on its behalf by:



Mr D R Evans
Director

Company Registration No. 09971402

DALEACRE HEALTHCARE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2020

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 August 2018	14,033,676	(617,993)	13,415,683
Year ended 31 July 2019:			
Loss and total comprehensive income for the year	-	(399,890)	(399,890)
	<hr/>	<hr/>	<hr/>
Balance at 31 July 2019	14,033,676	(1,017,883)	13,015,793
Year ended 31 July 2020:			
Loss and total comprehensive income for the year	-	(148,464)	(148,464)
	<hr/>	<hr/>	<hr/>
Balance at 31 July 2020	<u>14,033,676</u>	<u>(1,166,347)</u>	<u>12,867,329</u>

DALEACRE HEALTHCARE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	23	1,196,001		628,119	
Interest paid		(17,902)		(19,773)	
Net cash inflow from operating activities		1,178,099		608,346	
Investing activities					
Purchase of tangible fixed assets		(19,416)		(423,517)	
Purchase of investment property		(800)		(136,485)	
Proceeds on disposal of subsidiaries		(500)		(5,500)	
Net cash used in investing activities		(20,716)		(565,502)	
Financing activities					
Repayment of bank loans		(45,749)		(43,664)	
Net cash used in financing activities		(45,749)		(43,664)	
Net increase/(decrease) in cash and cash equivalents		1,111,634		(820)	
Cash and cash equivalents at beginning of year		(408,317)		(407,497)	
Cash and cash equivalents at end of year		703,317		(408,317)	
Relating to:					
Cash at bank and in hand		703,317		3,490	
Bank overdrafts included in creditors payable within one year		-		(411,807)	

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

Company information

Daleacre Healthcare Limited is a private company limited by shares incorporated in England and Wales. The registered office is 11 Wilsthorpe Road, Breaston, Derby, Derbyshire, DE72 3EA.

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. The principal accounting policies adopted are set out below.

Related party exemption

The company has taken advantage of exemption, under the terms of the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' not to disclose related party transactions within the group.

The ultimate parent undertaking is Daleacre Holdings Limited and the results of the company are incorporated in its group accounts. The company is also incorporated in England and Wales, its registered office is 11 Wilsthorpe Road, Breaston, Derby, DE72 3EA.

1.2 Going concern

At the time of approving the financial statements, the directors have 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.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable net of VAT and other sales related taxes.

1.4 Intangible fixed assets - goodwill

Goodwill arises on the acquisition of subsidiary undertakings and business, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired. The residual value of the goodwill is higher than the acquisition amount and therefore no amortisation has been charged to these financial statements to reflect a true and fair view.

1.5 Intangible fixed assets other than goodwill

On acquisition of a trading Pharmacy, an element of the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired in relation to the NHS licence, representing consideration paid to acquire the right to sell prescribed drugs in those retail outlets. The value of the NHS Licence at the date of acquisition is based on an assessment by the directors of the present value of future cash flows resulting from the NHS turnover of each outlet. The NHS Licence does not attach to a specific Freehold or Leasehold Property and exists in perpetuity. The residual value of the Licences are higher than the cost and therefore no amortisation has been charged to these financial statements to show a true and fair view.

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

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:

Patents & licences	No amortisation charged
--------------------	-------------------------

1.6 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:

Freehold land and buildings	2% reducing balance
Leasehold land and buildings	No depreciation charged
Plant and equipment	25% reducing balance
Fixtures and fittings	20% reducing balance
Computers	25% 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.

1.7 Investment properties

Investment property is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.8 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.

1.9 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.

1.10 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 stock where appropriate. The method for valuing stocks is on a first in first out basis.

1.11 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.

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

1.12 Financial instruments

Debtors and creditors receivable/payable with a year

Debtors and creditors are recorded at transaction price receivable or payable within one year. Any losses arising from impairment are recognised in the profit and loss account within administrative expenses.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. They are subsequently measured at amortised cost using the effective interest rate method, less impairment.

1.13 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.

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.

1.14 Retirement benefits

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

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

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.

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.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.17 Foreign exchange

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

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.

Intangible fixed assets valuations

The basis of valuation is shown in the accounting policies.

Investment property valuations

The basis of valuation is shown in the accounting policies and in note 11 below.

Fixed asset investment valuations

The basis of valuation is shown in the accounting policies.

3 Turnover and other revenue

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

3 Turnover and other revenue

(Continued)

	2020 £	2019 £
Other significant revenue		
Grants received	131,400	129,571

4 Operating loss

	2020 £	2019 £
Operating loss for the year is stated after charging/(crediting):		
Government grants	(131,400)	(129,571)
Fees payable to the company's auditor for the audit of the company's financial statements	9,667	12,105
Depreciation of owned tangible fixed assets	156,125	161,373
Loss on disposal of tangible fixed assets	10,940	-
Operating lease charges	14,050	24,231

5 Employees

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

	2020 Number	2019 Number
Staff	113	116
Directors	6	5
Total	119	121

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	1,828,338	1,821,877
Social security costs	164,069	144,567
Pension costs	44,057	10,208
	2,036,464	1,976,652

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	260,466	79,771

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

6 Directors' remuneration

(Continued)

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

	2020 £	2019 £
Remuneration for qualifying services	84,454	112,207

7 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	6,059	6,860
Other interest on financial liabilities	11,843	12,913
	17,902	19,773

8 Taxation

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

	2020 £	2019 £
Loss before taxation	(148,464)	(399,890)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(28,208)	(75,979)
Unutilised tax losses carried forward	28,208	75,979
Taxation charge for the year	-	-

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

9 Intangible fixed assets

	Goodwill	Patents & licences	Total
	£	£	£
Cost			
At 1 August 2019 and 31 July 2020	6,330,412	3,950,000	10,280,412
Amortisation and impairment			
At 1 August 2019 and 31 July 2020	-	-	-
Carrying amount			
At 31 July 2020	6,330,412	3,950,000	10,280,412
At 31 July 2019	6,330,412	3,950,000	10,280,412

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

10 Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 1 August 2019	2,596,720	3	157,478	476,573	98,987	6,040	3,335,801
Additions	-	-	-	620	6,097	12,700	19,417
Disposals	(10,938)	(2)	-	-	-	-	(10,940)
Transfers	(309,398)	-	-	-	-	-	(309,398)
At 31 July 2020	2,276,384	1	157,478	477,193	105,084	18,740	3,034,880
Depreciation and impairment							
At 1 August 2019	127,588	-	70,267	175,154	55,418	2,649	431,076
Depreciation charged in the year	45,528	-	21,803	60,304	25,857	2,633	156,125
Transfers	(12,687)	-	-	-	-	-	(12,687)
At 31 July 2020	160,429	-	92,070	235,458	81,275	5,282	574,514
Carrying amount							
At 31 July 2020	2,115,955	1	65,408	241,735	23,809	13,458	2,460,366
At 31 July 2019	2,469,132	3	87,211	301,419	43,569	3,391	2,904,725

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

11 Investment property

	2020 £
Fair value	
At 1 August 2019	1,422,779
Additions	297,511
At 31 July 2020	<u>1,720,290</u>

The investment properties are considered to be held at fair value by the directors. The values were reviewed during the year and were deemed to not be materially different to those values reflected in the financial statements.

12 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	13	<u>896,674</u>	<u>896,174</u>

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 August 2019	896,174
Additions	500
At 31 July 2020	<u>896,674</u>
Carrying amount	
At 31 July 2020	<u>896,674</u>
At 31 July 2019	<u>896,174</u>

13 Subsidiaries

Details of the company's subsidiaries at 31 July 2020 are as follows:

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

13 Subsidiaries

(Continued)

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Knotfree Limited	1 Wilsthorpe Road, Breaston, Derby DE72 3EA	Pharmacy	Ordinary shares	75.00	-
Knotfree Limited			Preference shares	100.00	-
Daleacre Medical Services Limited	1 Wilsthorpe Road Breaston, Derby DE72 3EA	Pharmacy	Ordinary shares	100.00	-
Blackwell Holdings Limited	1 Wilsthorpe Rad, Breaston, Derby DE72 3EA	Holding company	Ordinary shares	60.00	-
Blackwell Medical Services Limited	1 Wilsthorpe Road, Breaston, Derby DE72 3EA	Pharmacy	Ordinary shares	-	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves	Profit/(Loss)
	£	£
Knotfree Limited	243,287	42,463
Daleacre Medical Services Limited	9,107	7,572
Blackwell Holdings Limited	3,392	-
Blackwell Medical Services Limited	579,226	55,750

14 Stocks

	2020	2019
	£	£
Raw materials and consumables	526,416	488,451

15 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	924,523	1,525,606
Amounts owed by group undertakings	62,104	36,698
Other debtors	127,434	131,714
Prepayments and accrued income	12,267	12,246
	1,126,328	1,706,264

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

16 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	18	48,077	458,696
Trade creditors		1,524,101	1,512,099
Amounts owed to group undertakings		2,484,691	2,284,920
Taxation and social security		62,346	51,111
Other creditors		400,019	5,500
Accruals and deferred income		12,105	12,105
		<u>4,531,339</u>	<u>4,324,431</u>

17 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	18	315,135	362,072
		<u>315,135</u>	<u>362,072</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	110,327	162,327
	<u>110,327</u>	<u>162,327</u>

18 Loans and overdrafts

	2020 £	2019 £
Bank loans	363,212	408,961
Bank overdrafts	-	411,807
	<u>363,212</u>	<u>820,768</u>
Payable within one year	48,077	458,696
Payable after one year	315,135	362,072
	<u>315,135</u>	<u>362,072</u>

The long-term loans are secured by first legal charge over the freehold property and a debenture over the company's assets.

The long-term loan is repayable over 10 years with monthly repayments of £4,715.

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

19 Retirement benefit schemes

	2020	2019
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	44,057	10,208

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.

20 Share capital

	2020	2019
Ordinary share capital	£	£
Issued and fully paid		
Ordinary shares of £1 each	14,033,676	14,033,676

21 Contingent Liability

The company is party to a cross guarantee agreement from HSBC bank with fellow group companies, Daleacre Holdings Ltd, Blackwell Holdings Ltd and Blackwell Medical Services Ltd. The company is potentially liable for £376,834 however the directors do not consider that this guarantee will be called upon.

22 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:

	2020	2019
	£	£
Within one year	13,583	13,500
Between two and five years	27,833	27,250
In over five years	14,000	28,000
	55,416	68,750

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

23 Cash generated from operations

	2020 £	2019 £
Loss for the year after tax	(148,464)	(399,890)
Adjustments for:		
Finance costs	17,902	19,773
Loss on disposal of tangible fixed assets	10,940	-
Depreciation and impairment of tangible fixed assets	156,125	161,373
Movements in working capital:		
(Increase)/decrease in stocks	(37,965)	46,161
Decrease/(increase) in debtors	579,936	(10,776)
Increase in creditors	617,527	811,478
Cash generated from operations	1,196,001	628,119

24 Analysis of changes in net funds/(debt)

	1 August 2019 £	Cash flows £	31 July 2020 £
Cash at bank and in hand	3,490	699,827	703,317
Bank overdrafts	(411,807)	411,807	-
	(408,317)	1,111,634	703,317
Borrowings excluding overdrafts	(408,961)	45,749	(363,212)
	(817,278)	1,157,383	340,105