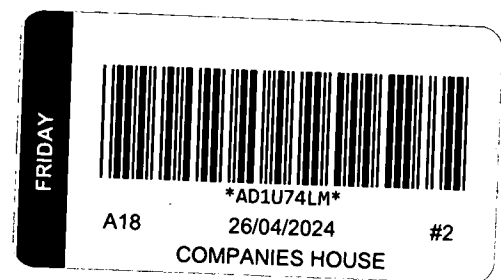


Company registration number 09971402 (England and Wales)

DALEACRE HEALTHCARE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023



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 Mrs E L Anderson	(Appointed 31 January 2024)
Company number	09971402	
Registered office	11 Wilsthorpe Road Breaston Derby Derbyshire DE72 3EA	
Auditor	Xeinadin Audit Ltd Riverside House Kings Reach Business Park Yew Street Stockport SK4 2HD	

DALEACRE HEALTHCARE LIMITED

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DALEACRE HEALTHCARE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2023

The directors present the strategic report for the year ended 31 July 2023.

Review of the business

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

Following on from the initial 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 FYE July 2023, the company has been impacted by the failure of the NHS to properly fund community pharmacy's core supply role.

There has been no uplift in the NHS pharmacy contract in England since 2017, yet community pharmacy is operating in a different financial environment since then, with rising national minimum wage, inflation, higher interest rates and increased utility costs. Trade bodies have calculated that community pharmacy in England has experienced a 35% real terms cut in funding since 2017 meaning the sector is under funded by some £1.2bn. This lack of funding can be seen in the company's results.

The company's borrowings remain low so the impact of the current level of interest rates has had minimal impact.

In 2022 the company's bankers discontinued the covenants on the term loans the company has due to the low level of the outstanding loans and the strength of the company balance sheet.

Since the year end Lloyds Pharmacy have announced the closure or sale of all their pharmacies, and Boots, Tesco and ASDA have announced some closures locally which will allow the company to pick up new patients.

The company has continued to see significant increases in both prescription turnover (5.5%) and retail sales of medicines (11%) compared to the previous year. NHS Service income growth remains very strong (45%) driven by the nation hypertension case finding service.

The company is still participating in the covid vaccination service, and has had a number of pharmacies included in national prescribing pilots schemes which will drive growth in 2024.

The provision of private services has also increased some 40% again and there is increasing demand for travel vaccines. The company is diversifying its offering to include weight management, ear micro-suction and aesthetics.

DALEACRE HEALTHCARE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2023

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 little 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.

Development and performance

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

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

A freehold building plot acquired the previous year has also been further developed and shows as investment property in the accounts. This was sold after the end of the financial year and the proceeds used to reduce the overdraft facility and to repay a small temporary family loan.

In autumn 2023 the company recruited a third wholesaler as a supplier, and initiated the use of purchase price monitoring systems to ensure NHS supplies were not provided at a loss to the company, and to improve gross margin.

DALEACRE HEALTHCARE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2023

Key performance indicators

The key performance indicators for the company are as follows:

	2023	2022
Total Turnover	14,591,242	13,434,003
Operating Profit/(Loss)	(776,648)	(135,840)
EBITDA *	(640,587)	2,076
Number of Branches	12	11
Number of Pharmacy Freeholds	11	10
Investment Properties	5	5
NHS Prescriptions Dispensed	1,303,142	1,078,707

EBITDA * Earnings before interest, tax, depreciation, amortisation, dividends receivable and other gains or losses.

On behalf of the board



Mr D R Evans

Director

Date: 25-6-2024

DALEACRE HEALTHCARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2023

The directors present their annual report and financial statements for the year ended 31 July 2023.

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

Mr D R Evans

Mrs J A W Evans

Mrs E L Anderson

(Appointed 31 January 2024)

Auditor

In accordance with the company's articles, a resolution proposing that Xeinadin Audit Ltd 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.

DALEACRE HEALTHCARE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2023

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.

On behalf of the board



Mr D R Evans
Director

Date: 15-4-2024

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 2023 which comprise 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 July 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

DALEACRE HEALTHCARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DALEACRE HEALTHCARE LIMITED

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, 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 our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were The Companies Act 2006 and relevant taxation compliance regulations.

In addition, we also concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements, being those laws relating to health and safety regulations, Coronavirus regulations, data protection and GDPR guidelines and also the guidelines of the General Pharmaceutical Council, to which pharmacies are required to be registered.

We understood how the company is complying with these frameworks and regulations by making enquiries of management and those responsible for compliance and corroborated these enquiries with reviews of board minutes and any available correspondence with legal advisors.

We assessed that there were risks of material impact on the financial statements from irregularities, including fraud from the override of controls by management, timing and recognising of income and in the manipulation of the company's key performance indicators to meet targets

DALEACRE HEALTHCARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DALEACRE HEALTHCARE LIMITED

Audit response to risks identified

We carried out procedures to respond to these risks, including enquiries of management about their systems and controls to identify these risks of irregularities, reviewing minutes of directors meetings, testwork to review a sample of journal entries made during the year, reviewing and testing assumptions made on accounting estimates for management biases and testing the timing and recognition of revenue.

Our audit procedures were designed to respond to risks of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve more sophisticated acts, including concealment, collusion or deliberately failing to record transactions through intentional misrepresentation.

There are inherent limitations within an audit, even though it has been properly planned and carried out in accordance with auditing standards and we cannot be responsible for preventing non-compliance and cannot be expected to detect non compliance with all laws and regulations.

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.

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
Senior Statutory Auditor
For and on behalf of Xeinadin Audit Ltd

Date: 25 April 2024

Accountants &
Statutory Auditor

Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

DALEACRE HEALTHCARE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2023

	Notes	2023 £	2022 £
Turnover		14,591,242	13,434,003
Cost of sales		(11,154,860)	(9,571,504)
Gross profit		3,436,382	3,862,499
Administrative expenses		(4,394,743)	(4,193,792)
Other operating income		181,713	195,453
Operating loss	3	(776,648)	(135,840)
Interest receivable and similar income	6	607,226	118
Interest payable and similar expenses	7	(44,294)	(18,734)
Amounts written off investments	8	(624,210)	(453,023)
Loss before taxation		(837,926)	(607,479)
Tax on loss	9	15,422	164,776
Loss for the financial year		(822,504)	(442,703)

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

DALEACRE HEALTHCARE LIMITED

BALANCE SHEET

AS AT 31 JULY 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Goodwill	10	6,330,412		6,330,412	
Other intangible assets	10	4,412,080		4,412,080	
Total intangible assets		10,742,492		10,742,492	
Tangible assets	11	2,557,513		2,618,203	
Investment property	12	2,102,803		2,059,673	
Investments	13	6,996		599,651	
		15,409,804		16,020,019	
Current assets					
Stocks	15	578,931		575,413	
Debtors	16	1,384,425		1,500,804	
Investments	17	885,000		887,823	
Cash at bank and in hand		10,209		17,892	
		2,858,565		2,981,932	
Creditors: amounts falling due within one year	18	(5,884,846)		(5,737,500)	
Net current liabilities		(3,026,281)		(2,755,568)	
Total assets less current liabilities		12,383,523		13,264,451	
Creditors: amounts falling due after more than one year	19	(409,428)		(467,852)	
Net assets		11,974,095		12,796,599	
Capital and reserves					
Called up share capital	22	14,033,676		14,033,676	
Profit and loss reserves		(2,059,581)		(1,237,077)	
Total equity		11,974,095		12,796,599	

The financial statements were approved by the board of directors and authorised for issue on 15-4-2024 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 2023

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 August 2021	14,033,676	(794,374)	13,239,302
Year ended 31 July 2022:			
Loss and total comprehensive income for the year	-	(442,703)	(442,703)
Balance at 31 July 2022	14,033,676	(1,237,077)	12,796,599
Year ended 31 July 2023:			
Loss and total comprehensive income for the year	-	(822,504)	(822,504)
Balance at 31 July 2023	14,033,676	(2,059,581)	11,974,095

DALEACRE HEALTHCARE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	25		(1,183,808)		770,662
Interest paid			(44,294)		(18,734)
Income taxes refunded			15,422		149,354
Net cash (outflow)/inflow from operating activities			(1,212,680)		901,282
Investing activities					
Purchase of intangible assets		-		(462,080)	
Purchase of tangible fixed assets		(75,371)		(208,261)	
Purchase of investment property		(43,130)		-	
Receipts arising from loans made		(28,732)		(887,823)	
Interest received		126		118	
Dividends received		607,100		-	
Net cash generated from/(used in) investing activities			459,993		(1,558,046)
Financing activities					
Repayment of bank loans		(60,447)		(65,729)	
Net cash used in financing activities			(60,447)		(65,729)
Net decrease in cash and cash equivalents			(813,134)		(722,493)
Cash and cash equivalents at beginning of year			(148,563)		573,930
Cash and cash equivalents at end of year			(961,697)		(148,563)
Relating to:					
Cash at bank and in hand			10,209		17,892
Bank overdrafts included in creditors payable within one year			(971,906)		(166,455)

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2023

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.

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

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2023

1 Accounting policies

(Continued)

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 property

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 2023

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.

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.

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2023

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 12 below.

Fixed asset investment valuations

The basis of valuation is shown in the accounting policies and in note 13 below.

3 Operating loss

	2023	2022
	£	£
Operating loss for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	14,495	13,420
Depreciation of owned tangible fixed assets	136,061	137,916
Operating lease charges	16,711	14,791
	<u> </u>	<u> </u>

4 Employees

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

	2023	2022
	Number	Number
Staff	136	131
Directors	6	6
	<u> </u>	<u> </u>
Total	142	137
	<u> </u>	<u> </u>

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2023

4	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2023 £	2022 £
	Wages and salaries	2,520,777	2,202,576
	Social security costs	226,842	213,237
	Pension costs	52,340	51,815
		<u>2,799,959</u>	<u>2,467,628</u>
5	Directors' remuneration		
		2023 £	2022 £
	Remuneration for qualifying services	<u>327,566</u>	<u>315,456</u>
	Remuneration disclosed above include the following amounts paid to the highest paid director:		
		2023 £	2022 £
	Remuneration for qualifying services	<u>90,494</u>	<u>87,263</u>
6	Interest receivable and similar income		
		2023 £	2022 £
	Interest income		
	Other interest income	126	118
	Income from fixed asset investments		
	Income from shares in group undertakings	<u>607,100</u>	<u>-</u>
	Total income	<u>607,226</u>	<u>118</u>

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2023

7 Interest payable and similar expenses

	2023 £	2022 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	14,080	2,483
Other interest on financial liabilities	30,212	16,251
	<u>44,292</u>	<u>18,734</u>
Other finance costs:		
Other interest	2	-
	<u>44,294</u>	<u>18,734</u>

8 Amounts written off investments

	2023 £	2022 £
Amounts written off non-current loans	(11,981)	-
Amounts written off investments held at fair value	(19,574)	-
Other gains and losses	(592,655)	(453,023)
	<u>(624,210)</u>	<u>(453,023)</u>

One of the subsidiary company's, Daleacre Wholesale Limited, is being voluntarily struck off the register. The intercompany balance of £11,981 has been written off during the 31 July 2023 financial year.

The sale of an investment property completed in August 2024, the value of the property is included within "investments in financial assets measured at fair value". The value of the property has been revalued to its fair value at 31 July 2023 recognising, a loss of £19,574.

One of the company's subsidiary companies, Knotfree Limited ceased trading as at 31 July 2021. As a result of this, an impairment review was carried out on the investment in this company and an amount of £592,655 (2022 £453,023) was written off to the profit and loss account to better reflect the fair value of the investment as at 31 July 2023.

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2023

9 Taxation

	2023 £	2022 £
Current tax		
Adjustments in respect of prior periods	(15,422)	(164,776)

The actual credit 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:

	2023 £	2022 £
Loss before taxation	(837,926)	(607,479)
Expected tax credit based on the standard rate of corporation tax in the UK of 25.00% (2022: 19.00%)	(209,482)	(115,421)
Tax effect of expenses that are not deductible in determining taxable profit	156,053	86,214
Unutilised tax losses carried forward	143,654	43,602
Adjustments in respect of prior years	(15,422)	(164,776)
Group relief	46,454	-
Depreciation on assets not qualifying for tax allowances	15,096	(14,395)
Dividend income	(151,775)	-
Taxation credit for the year	(15,422)	(164,776)

10 Intangible fixed assets

	Goodwill £	Patents & licences £	Total £
Cost			
At 1 August 2022 and 31 July 2023	6,330,412	4,412,080	10,742,492
Amortisation and impairment			
At 1 August 2022 and 31 July 2023	-	-	-
Carrying amount			
At 31 July 2023	6,330,412	4,412,080	10,742,492
At 31 July 2022	6,330,412	4,412,080	10,742,492

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

11 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 2022	2,542,599	1	216,882	538,120	120,658	41,390	3,459,650
Additions	10,166	-	1,200	11,987	504	51,514	75,371
At 31 July 2023	2,552,765	1	218,082	550,107	121,162	92,904	3,535,021
Depreciation and impairment							
At 1 August 2022	255,875	-	130,747	332,248	104,150	18,427	841,447
Depreciation charged in the year	50,920	-	21,609	41,515	7,452	14,565	136,061
At 31 July 2023	306,795	-	152,356	373,763	111,602	32,992	977,508
Carrying amount							
At 31 July 2023	2,245,970	1	65,726	176,344	9,560	59,912	2,557,513
At 31 July 2022	2,286,724	1	86,135	205,872	16,508	22,963	2,618,203

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2023

12 Investment property

	2023 £
Fair value	
At 1 August 2022	2,059,673
Additions	43,130
At 31 July 2023	<u>2,102,803</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.

13 Fixed asset investments

	Notes	2023 £	2022 £
Investments in subsidiaries	14	<u>6,996</u>	<u>599,651</u>

Movements in fixed asset investments

	Shares in subsidiaries £
Cost or valuation	
At 1 August 2022 & 31 July 2023	<u>599,651</u>
Impairment	
At 1 August 2022	-
Impairment losses	592,655
At 31 July 2023	<u>592,655</u>
Carrying amount	
At 31 July 2023	<u>6,996</u>
At 31 July 2022	<u>599,651</u>

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

14 Subsidiaries

Details of the company's subsidiaries at 31 July 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Knotfree Limited	1 Wilsthorpe Road, Breaston, Derby DE72 3EA	Dormant company	Ordinary shares	100.00	-
Knotfree Limited			Preference shares	100.00	-
Daleacre Medical Services Limited	1 Wilsthorpe Road Breaston, Derby DE72 3EA	Dormant company	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	244	-
Daleacre Medical Services Limited	8	-
Blackwell Holdings Limited	13,392	-
Blackwell Medical Services Limited	884,134	90,854

15 Stocks

	2023	2022
	£	£
Raw materials and consumables	578,931	575,413

16 Debtors

	2023	2022
	£	£
Amounts falling due within one year:		
Trade debtors	1,182,928	1,127,780
Amounts owed by group undertakings	48	44,957
Other debtors	176,719	305,969
Prepayments and accrued income	24,730	22,098
	1,384,425	1,500,804

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2023

17 Current asset investments

	2023 £	2022 £
Investment property	885,000	887,823

Current asset investments of £885,000 (2022 £887,823) relate to an investment property held by the company which was sold shortly after the financial year end, in August 2023.

18 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Bank loans and overdrafts	20	1,035,749	232,321
Trade creditors		1,423,691	1,622,525
Amounts owed to group undertakings		3,286,212	3,720,890
Taxation and social security		57,761	61,230
Other creditors		15,156	12,388
Accruals and deferred income		66,277	88,146
		5,884,846	5,737,500

19 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Bank loans and overdrafts	20	409,428	467,852

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

Payable by instalments	176,483	181,509
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20 Loans and overdrafts

	2023 £	2022 £
Bank loans	473,271	533,718
Bank overdrafts	971,906	166,455
	1,445,177	700,173
Payable within one year	1,035,749	232,321
Payable after one year	409,428	467,852

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2023

20 Loans and overdrafts

(Continued)

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

There are two long-term loans one repayable over 10 years with monthly repayments of £5,271 and the other over 15 years with monthly repayments of £2,673.

21 Retirement benefit schemes

	2023	2022
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	52,340	51,815

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.

22 Share capital

	2023	2022
Ordinary share capital	£	£
Issued and fully paid		
Ordinary shares of £1 each	14,033,676	14,033,676

23 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 £214,299. however the directors do not consider that this guarantee will be called upon.

24 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:

	2023	2022
	£	£
Within one year	9,333	14,000
Between two and five years	-	9,333
	9,333	23,333

DALEACRE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2023

25 Cash (absorbed by)/generated from operations

	2023 £	2022 £
Loss for the year after tax	(822,504)	(442,703)
Adjustments for:		
Taxation credited	(15,422)	(164,776)
Finance costs	44,294	18,734
Investment income	(607,226)	(118)
Depreciation and impairment of tangible fixed assets	136,061	137,916
Other gains and losses	624,210	453,023
Movements in working capital:		
Increase in stocks	(3,518)	(75,620)
Decrease in debtors	116,379	218,325
(Decrease)/increase in creditors	(656,082)	625,881
Cash (absorbed by)/generated from operations	(1,183,808)	770,662

26 Analysis of changes in net debt

	1 August 2022 £	Cash flows £	31 July 2023 £
Cash at bank and in hand	17,892	(7,683)	10,209
Bank overdrafts	(166,455)	(805,451)	(971,906)
	(148,563)	(813,134)	(961,697)
Borrowings excluding overdrafts	(533,718)	60,447	(473,271)
	(682,281)	(752,687)	(1,434,968)