

Admenta Holdings Limited
Financial Statements
For the year ended 31 March 2021

Admenta Holdings Limited

Financial Statements

Year ended 31 March 2021

Contents	Page
Strategic report	1-2
Directors' report	3-5
Independent auditor's report to the members	6-9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13-36

Admenta Holdings Limited

Strategic Report

Year ended 31 March 2021

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

Principal Activities and Business Review

The Company's principal activity is that of an investment company of which its subsidiaries are involved in the wholesaling and retailing of pharmaceutical products.

The pharmaceutical wholesale and retail markets continue to be highly challenging. With the strategies adopted by the subsidiaries the directors believe the performance of the Company's investments in the year was in line with expectations.

The year to 31st March 2021 was challenging for the whole country. The novel coronavirus (or "Covid-19") and the associated national lockdowns placed great strain on the healthcare sector, while the associated national lockdowns led to reduced store footfall. This challenge along with a store rationalisation program reduced turnover of the subsidiaries. However, our colleagues in pharmacies and across the medicines supply chain responded to the challenge with resilience and tenacity, adapting to the new circumstances to maintain patient access to medicines and healthcare services.

Actions are ongoing to mitigate the effect of funding changes; the business remains diligent and accordingly closed and sold a number of pharmacy locations during the financial year.

During the year the Company has transitioned its accounting framework from FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' to FRS 101 "Reduced Disclosure Framework" and has taken advantage of the disclosure exemptions allowed under this standard. Details of the recognition differences arising on the adoption of FRS 101 are included in note 2 to these financial statements.

Principal risks and uncertainties

The key business risk to the investment activity of the Company is the performance of its investments. The management of the subsidiaries and the execution of their strategies are subject to a number of key risks. All present directors are, directors of AAH Pharmaceuticals Limited, the main trading entity of the wholesale division and/or Lloyds Pharmacy Limited, the main trading entity of the retail division. Risks are formally reviewed by the boards of these entities and appropriate processes are put in place to monitor and mitigate them.

Key performance indicators (KPIs)

The board monitors the Company's progress in implementing its strategy by reference to certain key performance indicators. Due to the Company's principal activity as an investment holding company, the Company's directors see net assets/liabilities and value of investments as key KPIs. Net liabilities: decreased from £312,527,000 as at 31 March 2020 to £306,682,000 as at 31 March 2021. This is driven mainly by a decrease in amounts owed to group companies. The value of investment as at the yearend is £96,463,000 (2020: 97,290,000).

Treasury management

The Company's treasury activities are co-ordinated through the central treasury function and overseen by a group treasury committee. The central treasury function operates within a framework of clearly defined board approved policies and procedures including permissible funding and hedging instruments, exposure limits and a system of authorities for approval and execution of transactions. The central treasury function prepares monthly reports for the divisional boards as well as reports for the corporate treasury function of their immediate parent company, McKesson Europe AG. The central treasury function is subject to regular review by Internal Auditors.

Admenta Holdings Limited

Strategic Report *(continued)*

Year ended 31 March 2021

Treasury management *(continued)*

The Company funds its operations through a mixture of retained reserves and borrowings including bank and capital market borrowings and leasing.

Company facilities and their structure are agreed with the McKesson corporate treasury function and the funds raised are either directly lent to operating subsidiaries or are lent from Admenta Holdings Limited on commercial arm's length terms.

The Company's policy is to minimise cash held whilst ensuring that adequate loan facilities are in place for the next five years. Cash flow requirements are monitored through the Company's rolling projection.

Financial risk management

The financial risks are managed by fellow group company Admenta UK Limited. The management of these risks are discussed in the Admenta UK Limited financial statements.

Statement by the directors on the performance of their statutory duties in accordance with s172(1) of the Companies Act 2006

The success of our business is dependent on the support of all relevant stakeholders. Building positive relationships with stakeholders that share our values is important to us. Working together towards shared goals assists us in delivering long-term sustainable success supporting the UK health care system. Further detail on how the Board has considered and has regard to the interests of its stakeholders, including shareholders who are also our creditors is set out in the detail below.

Shareholders and Creditors

As a subsidiary of McKesson Corporation an internal global policy framework ensures that the way in which we operate is fully aligned with the expectations of our shareholders who are also our creditors. McKesson Corporation manages external shareholder relationships on behalf of the Company. Directors receive information in a range of different formats which includes information relevant to section 172 matters when making relevant decisions. For example, each year we make an assessment of the strength of the Company's balance sheet and future prospects relative to market uncertainties and make decisions about the payment of dividends.

As the principal activity of the Company is to act as a holding company for certain UK subsidiaries, the Company has no commercial business, and no employees, suppliers or customers other than other McKesson Corporation entities during the period and as such the breadth of stakeholder considerations that would often apply in operating or commercial trading companies have generally not applied to the decisions made by the directors.

Please refer note 25, events after reporting period for the announcement to sell UK businesses.

This report was approved by the board of directors on 25 March 2022 and signed on behalf of the board by:

C Keen 
Director

Registered office:
Sapphire Court
Walsgrave Triangle
Coventry
United Kingdom
CV2 2TX

Admenta Holdings Limited

Directors' Report

Year ended 31 March 2021

The directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2021.

Dividends

There was no dividend paid by the Company during the year (2020: £nil).

Directors' Responsibility under Section 172 and Statement of engagement with suppliers, customers and others in a business relationship with the Company

As per the requirements under Section 172 and Sch. 7.11B(1) to Companies Act 2006, comments on how the directors have had a regard for the interests of various stakeholders whilst making key decisions are contained on pages 1-2 in the Strategic Report.

Energy and Carbon Regulations

The Company has consumed less than 40,000kWh of energy during the financial year and therefore there is no further information required to be disclosed.

Qualifying third party indemnity provisions

Liability insurance, a qualifying third-party indemnity provision for the purposes of the Companies Act 2006 was provided for the UK directors by McKesson Europe AG, an intermediate parent entity. On the date of approval of the financial statements, liability insurance was also in force.

Going Concern

The directors have received confirmation from the UK parent company, Admenta UK Limited, that intergroup debt will continue to be made available at levels sufficient to allow the company to meet its liabilities as they fall due for a period not less than 12 months. The directors have satisfied themselves that Admenta UK Limited has the necessary financial resources to provide this support during this period, should it be required. Therefore, the directors have a reasonable expectation that the company has adequate resources internally and through its association with Admenta UK Limited, to continue in operational existence for the foreseeable future. As such, the going concern basis has been adopted in preparing the annual report and financial statements.

Disclosure of information in the strategic report

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the Company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The strategic report on page 1 makes reference to the following: principal activities and business review, principal risks and uncertainties, financial risk management and key performance indicators (KPIs).

Future developments

Given the straightforward nature of the business, there are no future developments to note. The Company will continue to act as a holding company.

Admenta Holdings Limited

Directors' Report *(continued)*

Year ended 31 March 2021

Events after the end of the reporting period

In November 2021, McKesson Corporation announced an agreement to sell its UK businesses to AURELIUS, an asset management group which has a proven track record and focus on operational excellence. The transaction is expected to close in fiscal 2022, subject to closing conditions, including receipt of required regulatory approvals.

Disclosure of information to auditor

Each of the persons who are directors at the time when the Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Directors

The directors who served the Company during the year and up to the date of the financial statements were as follows:

J Davies
T Anderson
C Keen

Admenta Holdings Limited

Directors' Report *(continued)*

Year ended 31 March 2021

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Auditor

Deloitte LLP, being eligible, have indicated their willingness to continue in office in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 25 March 2022 and signed on behalf of the board by:

C Keen
Director 
BDB7F99981984A8...

Registered office:
Sapphire Court Walsgrave Triangle
Coventry, United Kingdom
CV2 2TX

Admenta Holdings Limited

Independent Auditor's Report to the Members of Admenta Holdings Limited

Year ended 31 March 2021

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Admenta Holdings Limited

Independent Auditor's Report to the Members of Admenta Holdings Limited *(continued)*

Year ended 31 March 2021

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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

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

Admenta Holdings Limited

Independent Auditor's Report to the Members of Admenta Holdings Limited *(continued)*

Year ended 31 March 2021

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

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.


Admenta Holdings Limited

Independent Auditor's Report to the Members of Admenta Holdings Limited *(continued)*

Year ended 31 March 2021

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.



Kate Hadley, FCA Senior statutory auditor
For and on behalf of Deloitte LLP
Birmingham, United Kingdom

25th March 2022

Admenta Holdings Limited
Statement of Comprehensive Income
For the year ended 31 March 2021

	Note	2021 £000	2020 £000
Administrative expenses		(962)	(1,272)
Other operating income	5	<u>1,624</u>	<u>240</u>
Operating profit/loss	6	662	(1,032)
Income from shares in group undertakings	9	2,625	850
Impairment losses and gains on other financial assets		(827)	(2,194)
Finance income	10	26,560	31,470
Finance costs	11	<u>(22,639)</u>	<u>(22,364)</u>
Profit before taxation		6,381	6,730
Tax	12	<u>(536)</u>	<u>(1,695)</u>
Total Comprehensive Income for the year		<u>5,845</u>	<u>5,035</u>

The notes on pages 13 to 36 form part of these financial statements.

All of the activities of the Company are classified as continuing.

Admenta Holdings Limited

Balance Sheet

As at 31 March 2021

	Note	£000	2021 £000	Restated 2020 £000
Non-current assets				
Property, plant and equipment and right of use assets	13		143	990
Investments in subsidiaries	14,24		96,463	97,290
Trade and other receivables	15		588,375	586,018
			<u>684,981</u>	<u>684,298</u>
Current assets				
Trade and other receivables	15		203	164
Cash and bank balances			-	9,500
			<u>203</u>	<u>9,664</u>
Total assets			<u>685,184</u>	<u>693,962</u>
Current liabilities				
Trade and other payables	16		(989,845)	(1,004,505)
Current lease liabilities	17		(12)	(12)
			<u>(989,857)</u>	<u>(1,004,517)</u>
Net current liabilities			<u>(989,654)</u>	<u>(994,853)</u>
Total assets less current liabilities			<u>(304,673)</u>	<u>(310,555)</u>
Non-current liabilities				
Lease liabilities	17		(1,312)	(1,325)
Provisions	18		(697)	(647)
			<u>(2,009)</u>	<u>(1,972)</u>
Total liabilities			<u>(991,866)</u>	<u>(1,006,489)</u>
Net Liabilities			<u>(306,682)</u>	<u>(312,527)</u>
Equity				
Share capital	20		11,150	11,150
Share premium account	21		14,362	14,362
Retained earnings	21		(332,194)	(338,039)
Equity attributable to owners of the Company			<u>(306,682)</u>	<u>(312,527)</u>

The notes on pages 13 to 36 form part of these financial statements.

Prior year comparatives have been restated as a result of a presentational adjustment as described in note 15.

These financial statements of Admenta Holdings Limited, Company registered number 00244282, were approved by the board of directors and authorised for issue on 25 March 2022, and are signed on behalf of the board by:

C Keen
Director

DocuSigned by:
Chris Keen
BDB7F99981984A8...

Admenta Holdings Limited**Statement of changes in equity****As at 31 March 2021**

	Share capital	Share premium	Retained earnings	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2019	11,150	14,362	(343,074)	(317,562)
Profit for the year	-	-	5,035	5,035
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	5,035	5,035
Balance at 31 March 2020	11,150	14,362	(338,039)	(312,527)
Profit for the year	-	-	5,845	5,845
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	5,845	5,845
Balance at 31 March 2021	11,150	14,362	(332,194)	(306,682)

The notes on pages 13 to 36 form part of these financial statements.

Admenta Holdings Limited

Notes to the Financial Statements

Year ended 31 March 2021

1. General information

The Company is a private company limited by shares, registered in England and Wales. The address of the registered office is Sapphire Court, Walsgrave Triangle, Coventry, CV2 2TX, United Kingdom.

The nature of the Company's operations and its principal activities are set out in the strategic report.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of McKesson Corporation. The group accounts of McKesson Corporation are available to the public and can be obtained as set out in note 23.

2. Accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2021, the Company has changed its accounting framework from FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' to FRS 101 and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. Accordingly, these financial statements have been prepared in accordance with FRS 101.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, certain disclosure in respect of revenue from contracts with customers, impairment of assets, certain related party transactions, and certain disclosure requirements in respect of leases.

Where relevant, equivalent disclosures have been given in the group accounts of McKesson Corporation. The financial statements have been prepared on the historical cost basis as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Explanation of transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101. The following disclosures are required in the year of transition. The last financial statements under FRS 102 were for the year ended 31 March 2020 and the date of transition to FRS 101 was therefore 1 April 2019.

Admenta Holdings Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2021

2. Accounting policies (continued)

Explanation of transition to FRS 101 (continued)

	As previously stated 1 April 2019	Effect of transit ion	FRS 101 (as restated) 1 April 2019	As previously stated 31 March 2020	Effect of transiti on	FRS 101 (as restated) 31 March 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets						
Property, plant and equipment and right of use assets	67	1,359	1,426	67	923	990
Investments in subsidiaries	99,737	-	99,737	97,290	-	97,290
Trade and other receivables	-	-	-	586,018	-	586,018
	<u>99,804</u>	<u>1,359</u>	<u>101,163</u>	<u>683,375</u>	<u>923</u>	<u>684,298</u>
Current assets						
Trade and other receivables	550,541	-	550,541	73	91	164
Cash and bank balances	4,000	-	4,000	9,500	-	9,500
	<u>554,541</u>	<u>-</u>	<u>554,541</u>	<u>9,573</u>	<u>91</u>	<u>9,664</u>
Total assets	<u>654,345</u>	<u>1,359</u>	<u>655,704</u>	<u>692,948</u>	<u>1,014</u>	<u>693,962</u>
Current liabilities						
Trade and other payables	(971,081)	-	(971,081)	(1,004,441)	(64)	(1,004,505)
Current lease liabilities	-	(12)	(12)	-	(12)	(12)
	<u>(971,081)</u>	<u>(12)</u>	<u>(971,093)</u>	<u>(1,004,441)</u>	<u>(76)</u>	<u>(1,004,517)</u>
Net current liabilities	<u>(416,540)</u>	<u>(12)</u>	<u>(416,552)</u>	<u>(994,868)</u>	<u>15</u>	<u>(994,853)</u>
Total assets less current liabilities	<u>(316,736)</u>	<u>1,347</u>	<u>(315,389)</u>	<u>(311,493)</u>	<u>938</u>	<u>(310,555)</u>
Non-current liabilities						
Lease liabilities	-	(1,347)	(1,347)	-	(1,325)	(1,325)
Provisions	(826)	-	(826)	(647)	-	(647)
Deferred tax liabilities	-	-	-	-	-	-
	<u>(826)</u>	<u>(1,347)</u>	<u>(2,173)</u>	<u>(647)</u>	<u>(1,325)</u>	<u>(1,972)</u>
Total liabilities	<u>(971,907)</u>	<u>(1,359)</u>	<u>(973,266)</u>	<u>(1,005,088)</u>	<u>(1,401)</u>	<u>(1,006,489)</u>
Net liabilities	<u>(317,562)</u>	<u>-</u>	<u>(317,562)</u>	<u>(312,140)</u>	<u>(387)</u>	<u>(312,527)</u>
Equity						
Share capital	11,150	-	11,150	11,150	-	11,150
Share premium account	14,362	-	14,362	14,362	-	14,362
Retained earnings	(343,074)	-	(343,074)	(337,652)	(387)	(338,039)
Equity attributable to owners of the Company	<u>(317,562)</u>	<u>-</u>	<u>(317,562)</u>	<u>(312,140)</u>	<u>(387)</u>	<u>(312,527)</u>

Admenta Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

2. Accounting policies *(continued)*

Explanation of transition to FRS 101 *(continued)*

Reconciliation of total comprehensive income for the year ended 31 March 2020

	£'000
Total comprehensive income for the financial year under FRS 102	5,422
	<hr/>
IFRS 16 adjustments	(387)
	<hr/>
Total comprehensive income for the financial year under FRS 101	5,035
	<hr/> <hr/>

The principal adjustment arising was to recognise certain property leases (previously treated as operating leases) as a right of use asset and corresponding lease liability as required by IFRS 16. The operating lease expense has been reversed, right of use asset depreciated over the lease term and interest accrued on the lease liability.

Going concern

The directors have received confirmation from the UK parent company, Admenta UK Limited, that intergroup debt will continue to be made available at levels sufficient to allow the Company to meet its liabilities as they fall due for a period not less than 12 months. The directors have satisfied themselves that Admenta UK Limited has the necessary financial resources to provide this support during this period, should it be required. Therefore, the directors have a reasonable expectation that the Company has adequate resources internally and through its association with Admenta UK Limited, to continue in operational existence for the foreseeable future. As such, the going concern basis has been adopted in preparing the annual report and financial statements.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for at cost less, where appropriate, provisions for impairment.

Impairment of investments

The Company evaluates its investments at each reporting date whether there is an indication that an investment may be impaired. The basis for any impairment of investments is by reference to the higher of the post-tax net realisable value and the value in use of those assets. The value in use is determined through discounting all future cash flows using a risk adjusted rate.

Admenta Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

2. Accounting policies *(continued)*

Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the balance sheet. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Admenta Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

2. Accounting policies *(continued)*

Leases *(continued)*

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within the property, plant and equipment line in the balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Taxation

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

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date.

Current income tax relating to items recognised directly in equity and other comprehensive income is also recognised in equity and other comprehensive income and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. This is unless the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted, or substantively enacted, at the reporting date.

Admenta Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

2. Accounting policies *(continued)*

Taxation *(continued)*

Deferred tax relating to items recognised outside profit or loss is recognised outside the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Property, plant and equipment

Plant, machinery, fixtures and fittings are stated at cost less accumulated depreciation and any recognised impairment loss.

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

Buildings	2% per annum
Long leasehold property	over the period of the lease
Short leasehold property	10%– 20% per annum or over the period of the lease
Fixtures and equipment	10%-33% per annum

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of property, plant and equipment

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of the reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Admenta Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

2. Accounting policies *(continued)*

Impairment of property, plant and equipment *(continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Initial recognition and measurement

All financial assets are recognised initially at their fair value. The Company's financial assets include cash and cash equivalents, trade and other receivables and derivative financial instruments.

(ii) Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

The Company does not have any held-to-maturity investment financial assets.

(iii) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired.

(iv) Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade debtors and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime expected credit losses (ECL) for trade debtors. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Admenta Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

2. Accounting policies *(continued)*

Financial Instruments *(continued)*

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss or as loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value.

The Company's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Trade and other payables

Trade and other payables are recognised initially at transaction price. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the income statement.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(v) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations without any deduction for transaction costs.

Admenta Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

2. Accounting policies *(continued)*

Financial Liabilities *(continued)*

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a current asset due after one year or a creditor due after more than one year if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Cash and cash equivalents

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

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amounts of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Admenta Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

3. Adoption of new and revised Standards

New and amended IFRS Standards that are effective for the current year

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7

In September 2019, the IASB issued Interest Rate Benchmark Reform, (Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7) Financial Instruments: Disclosures. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments are not relevant to the Company given that it does not apply hedge accounting to its benchmark interest rate exposures.

Impact of initial application of other amendments to IFRS Standards and Interpretations

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

<p>Amendments to References to the Conceptual Framework in IFRS Standards</p>	<p>The Company has adopted the amendments included in <i>Amendments to References to the Conceptual Framework in IFRS Standards</i> for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.</p> <p>The standard which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.</p>
<p>Amendments to IAS 1 and IAS 8 <i>Definition of material</i></p>	<p>The Company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.</p> <p>The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.</p>

Admenta Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

4. Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Company's accounting policies.

The only critical accounting judgement that the directors have identified is the impairment of assets, which is also highlighted as a key source of estimation uncertainty below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of investments

The basis for any impairment of investments is by reference to the higher of the post-tax net realisable value and the value in use of those assets. For the purposes of determining any impairment, the income generating unit takes account of associated cash flows within the Admenta UK Limited group.

The Directors have conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which goodwill is allocated. The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount of the CGUs is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGUs.

Sensitivities have been performed around the discount rate used. An increase in the discount rate by 1% increases the impairment charge to £912,000 and a decrease in the discount rate by 1% alters the impairment charge to £732,000.

Admenta Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

5. Other operating income

	2021	2020
	£000	£000
Other operating income	1,624	240

Other operating income relates to waiver of intercompany liability that gives rise to the gain in 2021 and disposal of an investment in 2020.

6. Operating profit/loss

Operating profit/loss has been arrived at after charging/(crediting):

	2021	2020
	£'000	£'000
Impairment of right-of-use assets	818	418
Gain on disposal of investment	-	(240)
Depreciation of right-of-use assets	29	19

Impairment of right-of-use assets: As a result of an annual impairment test, there was an impairment charge in the year amounting to £818,000 (2020: £418,000).

Auditor's remuneration for the audit of the Company's financial statements of £4,000 (2020: £4,000) has been borne by Lloyds Pharmacy Limited, a fellow group company and not recharged. No non-audit services have been provided by the auditor during the year (2020: nil).

7. Directors' emoluments

The emoluments of all directors are paid by a fellow subsidiary company, Lloyds Pharmacy Limited, which makes no recharge to the Company. All other directors of this Company are also directors of a number of fellow subsidiary companies and it is impossible to make an accurate apportionment of their emoluments in respect of each of these companies. Accordingly, no emoluments in respect of these directors are disclosed. Their emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of Lloyds Pharmacy limited.

8. Particulars of employees

The Company had no employees during the year, other than executive directors (2020: nil).

9. Income from shares in group undertakings

	2021	2020
	£000	£000
Income from group undertakings (dividend)	2,625	850

Admenta Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

10. Finance income

	2021 £000	2020 £000
Interest received from group undertakings	<u>26,560</u>	<u>31,470</u>

11. Finance cost

	2021 £000	2020 £000
Interest payable on bank overdrafts and loans	(18)	-
Interest payable to group companies	(22,580)	(22,323)
Interest on lease liabilities	(41)	(41)
	<u>(22,639)</u>	<u>(22,364)</u>

12. Tax

	2021 £'000	2020 £'000
Corporation tax:		
UK corporation tax	561	1,786
Adjustments in respect of prior years:		
- UK corporation tax	(26)	-
	<u>535</u>	<u>1,786</u>
Deferred tax: (note 19)		
Origination and reversal of temporary differences	1	(91)
	<u>1</u>	<u>(91)</u>
	<u>536</u>	<u>1,695</u>

Admenta Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

12. Tax *(continued)*

Reconciliation of tax expense

The charge for the year can be reconciled to the profit before tax as follows:

	2021	2020
	£'000	£'000
Profit before tax	6,381	6,730
Tax at the UK corporation tax rate of 19% (2020: 19%)	1,212	1,279
Adjustments of tax charge in respect of prior periods	(26)	-
Tax effect of expenses that are not deductible in determining taxable profit	(650)	416
Tax expense for the year	536	1,695

Factors that may affect future tax expense

An increase in the main UK corporation tax rate from 19% to 25%, applicable from 1 April 2023, was enacted on 10 June 2021 in Finance Act 2021. As substantive enactment did not take place on or before the balance sheet date, the deferred taxes in these financial statements have been calculated at 19%.

Admenta Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

13. Property, plant and equipment

	Land and buildings £'000	Right-of-use assets Buildings £'000	Total £'000
Cost or valuation			
At 1 April 2020	105	1,360	1,465
At 31 March 2021	<u>105</u>	<u>1,360</u>	<u>1,465</u>
Accumulated depreciation and impairment			
At 1 April 2020	38	437	475
Depreciation charge for the year	-	29	29
Impairment charge	-	818	818
At 31 March 2021	<u>38</u>	<u>1,284</u>	<u>1,322</u>
Carrying amount			
At 31 March 2021	<u>67</u>	<u>76</u>	<u>143</u>
At 31 March 2020	<u>67</u>	<u>923</u>	<u>990</u>

Impairment losses recognised in the year

As a result of an annual impairment test, there was an impairment charge in the year amounting to £818,000 (2020: £418,000) in respect of right-of-use assets.

Right-of-use assets

The Company's leasing activities mainly relate to its properties. The Company leases several assets relating to properties. The average lease term is 50 years (2020: 50 years).

Amounts recognised in profit and loss	2021 £'000	2020 £'000
Depreciation expense on right-of-use assets	29	19
Impairment charge on right-of-use assets	818	418
Interest expense on lease liabilities	41	41
	<u>888</u>	<u>478</u>

At 31 March 2021, the Company is committed to £nil (2020: £nil) for short-term leases.

The carrying value of land and buildings of £67,000 (2020: £67,000) relates to land which is not depreciated.

The total cash outflow for leases amount to £12,000 (2020: £12,000).

Admenta Holdings Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2021

14. Investments

	Shares in subsidiaries £'000	Quoted investments £'000	Total £'000
Cost			
At 1 April 2020	772,206	4,197	776,403
At 31 March 2021	<u>772,206</u>	<u>4,197</u>	<u>776,403</u>
Provisions for impairment			
At 1 April 2020	(674,916)	(4,197)	(679,113)
Impairment losses	(827)	-	(827)
At 31 March 2021	<u>(675,743)</u>	<u>(4,197)</u>	<u>(679,940)</u>
Carrying amount			
At 31 March 2021	<u>96,463</u>	<u>-</u>	<u>96,463</u>
At 31 March 2020	<u>97,290</u>	<u>-</u>	<u>97,290</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets. The market value of the quoted investments was £nil as at 31 March 2021 (2020: £nil).

An impairment loss of £827,000 was recognised in the year in relation to the investment in Stephen Smith Limited, a subsidiary (2020: £2,194,000). Investments were written down to their value in use based on the methodology described in note 4.

Subsidiaries, associates and other investments:

Admenta Holdings Limited owns the whole of the issued share capital of the companies listed below. This is a list of principal investments only.

Subsidiary	Nature of business	Class of capital	% held
AAH Pharmaceuticals Limited	Wholesale distribution	£1 ordinary shares	100
Lloyds Pharmacy Limited	Retail pharmacies	£1 ordinary shares	100
AAH Lloyds Insurance (IOM) Limited	Insurance	£1 ordinary shares	100
Barclay Pharmaceuticals Limited	Wholesale distribution	£1 ordinary shares	100

A full list of all investments, direct and indirect, is included in note 24. All investments are in UK companies and have the same registered address as Admenta Holdings Limited. The only exceptions to this are listed in the table below.

Name	Registered office
Stephen Smith Limited	PO Box 25, Regency Court, Gategny Esplanade, St Peter Port, Guernsey, GY1 3AP
GJ Maley Limited	22 Woodbourne Road, Douglas, Isle of Man, IM1 3AL
AAH Lloyds Insurance (IOM) Limited	Third Floor, St George's Court, Upper Church Street, Douglas, IM1 1EE, Isle of Man
Savory & Moore (Jersey) Limited	PO Box 301, 40 Esplanade, St Helier, Jersey, JE4 8UG
W.H.C.P. (Dundee) Limited	Wallacetown Health Centre, Lyon Street, Dundee, DD4 6RB
My MHealth Limited	161 8 Trinity, 161 Old Christchurch Road, Bournemouth, England, BH1 1JU

Admenta Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

14. Investments *(continued)*

Algorithmic Health Ireland Limited	2 Shelbourne Buildings, Crampton Avenue, Dublin, D04 W3v6, Ireland.
Baillieston Health Centre Pharmacy Limited	204 Polmadie Road, Hampden Park Industrial Estate, Glasgow, G42 0PH
J Bradbury (Surgical) Limited	2 Marshalls Road, Belfast, Northern Ireland, BT5 6SR
Pharma Services (N.I) Limited	2 Marshalls Road, Belfast, Northern Ireland, BT5 6SR
Prima Brands Limited	2 Marshalls Road, Belfast, Northern Ireland, BT5 6SR

The Company has an investment in the following associate:

Associate undertaking	Nature of business	Class of capital	% held
Company Chemists Association Limited	Retail pharmacy	£1 Ordinary shares	27

The registered address of the associate is as follows:

Name	Registered office
Company Chemists Association Limited	4 Kingston Hall, Kingston On Soar, Nottingham, NG11 0DJ

15. Trade and other receivables

	2021	Restated 2020
	£000	£000
Amounts falling due within one year:		
Amounts owed by other group undertakings	-	73
Deferred tax asset (note 19)	90	91
Other receivables	113	-
	<u>203</u>	<u>164</u>

Admenta Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

15. Trade and other receivables *(continued)*

	2021	Restated 2020
	£000	£000
Amounts falling due more than one year:		
Amounts owed by other group undertakings	588,375	586,018

The amounts owed by other group undertakings are due more than one year. The interest rate charged is equivalent to the overall cost of borrowing for the UK Group of 2.69% (2020: 3.24%). Other group undertakings included above are wholly owned Admenta Holdings Limited subsidiaries in the group.

During 2021, a prior period balance sheet reclassification was identified in respect of amounts owed by group companies. The 2020 comparative balances for amounts owed by group companies, which were previously disclosed within current assets, have been restated to incorporate the fact that debtor is not expected to be realised within the companies normal operating cycle and has resulted in a balance sheet reclassification of £586,018,000 from current assets to non-current asset on the balance Sheet.

16. Trade and other Payables

	2021	2020
	£000	£000
Amounts falling due within one year:		
Trade payables	20	19
Amounts owed to UK parent companies	424,839	550,018
Amounts owed to other group undertakings	411,119	359,993
Corporation tax group relief payable	2,324	4,102
Bank loans and overdrafts	150,479	90,309
Other accruals	1,064	64
	989,845	1,004,505

Of the amounts due to other group undertakings £308,373,000 (2020: £344,962,000) is payable on demand and attracts interest based on market rates. The remaining balance owed to other group undertakings is payable on demand, represents interest free loans and is unsecured.

Other group undertakings included above are wholly owned Admenta Holdings Limited subsidiaries in the group.

17. Borrowings and lease liabilities

(a) Analysis of borrowings and lease liabilities

Admenta Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

	2021 £'000	2020 £'000
Amount due for settlement:		
Between one and five years	49	48
After five years	1,263	1,277
	<u>1,312</u>	<u>1,325</u>
On demand or within one year	986,449	1,000,332
	<u>987,761</u>	<u>1,001,657</u>

17. Borrowings and lease liabilities *(continued)*

(b) Analysis of borrowings

	2021 £'000	2020 £'000
Unsecured borrowing		
Bank loans and overdrafts	150,479	90,309
Amounts owed to other group undertakings	835,958	910,011
	<u>986,437</u>	<u>1,000,320</u>

	2021 £'000	2020 £'000
Amount due for settlement:		
On demand or within one year	986,437	1,000,320
	<u>986,437</u>	<u>1,000,320</u>

The other principal features of the Company's borrowings are as follows:

- (i) The balances due to fellow subsidiaries, subsidiaries and other group companies are unsecured, repayable on demand and interest free.
- (ii) Amounts owed to the immediate parent are interest bearing and repayable on demand at 2.69% (2020: 3.24%).
- (iii) Bank overdrafts are repayable on demand and an overdraft balance of £150,479,000 at the yearend (2020: £90,309,000).

(c) Analysis of lease liabilities

Admenta Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

	2021	2020
	£'000	£'000
Amount due for settlement:		
Between one and five years	49	48
After five years	1,263	1,277
	1,312	1,325
On demand or within one year	12	12
	1,324	1,337

18. Provisions for liabilities

	Property
	£'000
At 1 April 2020	647
Charge against provision	114
Utilised	(64)
At 31 March 2021	697

The property provision represents an assessment of the costs to cover rates and other charges for vacant leasehold premises, taking account of the anticipated period required to let the properties. The assessment, which is undertaken at the end of each accounting period, is made on a property-by-property basis in conjunction with the group's property services department.

19. Deferred taxation

The deferred taxation asset recognised in the financial statements can be analysed as follows:

	2021	2020
	£'000	£'000
Short term timing differences	90	91

A deferred tax asset has been recognised based on forecast profits against which these timing differences are expected to reverse.

Admenta Holdings Limited**Notes to the Financial Statements** *(continued)***Year ended 31 March 2021**

	2021	2020
	£'000	£'000
The movements in the total deferred tax assets are as follows:		
At the beginning of the year	91	-
Deferred tax movement in the income statement	(1)	91
At the end of the year	<u>90</u>	<u>91</u>

Admenta Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

20. Called up share capital

Authorised share capital

	2021		2020	
	No.	£000	No.	£000
Ordinary shares of £1 each	<u>11,150,000</u>	<u>11,150</u>	<u>11,150,000</u>	<u>11,150</u>

Issued, called up and fully paid

	2021		2020	
	No.	£000	No.	£000
Amounts presented in equity:				
Ordinary shares of £1 each	<u>11,150,000</u>	<u>11,150</u>	<u>11,150,000</u>	<u>11,150</u>

21. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Share premium account - This reserve records the amount above the nominal value received for shares issued, less transaction costs.

22. Related party transactions

The Company has chosen to exercise the exemption under FRS 101.8(k) to exempt themselves from disclosing related party transactions with wholly owned group companies.

23. Controlling party

The immediate parent undertaking is AAH Limited a company registered in England and Wales. The registered office address is Sapphire Court, Walsgrave Triangle, Coventry CV2 2TX.

The ultimate parent undertaking and controlling party of the Company is McKesson Corporation, a company registered in North America.

Consolidated financial statements for the largest group of undertakings were prepared by McKesson Corporation and may be obtained from its registered address McKesson Corporation, 6555 State Hwy 161, Irving, TX 75039, United States.

Consolidated financial statements for the smallest group of companies as at the balance sheet date were prepared by McKesson Europe AG and may be obtained from its registered address McKesson Europe AG, Stockholmer Platz 1, 70173 Stuttgart, Germany.

Admenta Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

24. Other investments

Subsidiary	Principal activity	Class of capital	% held
2012 Dream Limited	Dormant company	£1 Ordinary shares	100
28CVR Limited		£0.10 Ordinary and	
	Dormant company	A Ordinary shares	100
30MC Limited	Dormant company	£1 Ordinary shares	100
A. Suthrell (Haulage) Limited	Dormant company	£1 Ordinary shares	100
AAH Builders Suppliers Limited	Dormant company	£1 Ordinary shares	100
AAH Lloyds Insurance (IOM) Limited (*)	Insurance company	£1 Ordinary shares	100
AAH One Limited	Dormant company	£1 Ordinary shares	100
AAH Pharmaceuticals Limited (*)	Wholesale distribution	£1 Ordinary shares	100
AAH Twenty Four Limited	Dormant company	£1 Ordinary shares	100
AAH Twenty Limited	Dormant company	£1 Ordinary shares	100
AAH Twenty Six Limited	Dormant company	£1 Ordinary shares	100
Acme Drug Company Limited	Dormant company	£1 Ordinary shares	100
Added Marketing Limited	Dormant company	£1 Ordinary shares	100
Admenta Pension Trustees Limited	Dormant company	£1 Ordinary shares	100
Alchem (Southern) Limited	Dormant company	£1 Ordinary shares	100
Algorithmic Health Ireland Limited	Retail Pharmacies	£1 Ordinary shares	100
Ayrshire Pharmaceuticals Limited	Dormant company	£1 Ordinary shares	100
Baillieston Health Centre Pharmacy Limited	Retail Pharmacies	£1 Ordinary shares	100
Bannister & Thatcher Limited	Dormant company	£1 Ordinary shares	100
Barclay Pharmaceuticals Limited	Wholesale distribution	£1 ordinary shares	100
Barley Chemists Holdings Limited	Dormant company	£1 Ordinary shares	100
Barry Shooter (Romford) Limited	Dormant company	£1 Ordinary shares	100
Beauty Care Drugstores Limited	Dormant company	£1 Ordinary shares	100
Berkshire Medical Supplies Limited	Dormant company	£1 Ordinary shares	100
Betterlife healthcare Limited		£1 Ordinary A shares and £1 Ordinary B shares	
	Dormant company	shares	100
Big Pharma Limited	Dormant company	£1 Ordinary shares	100
Bridport Medical Centre Services Limited	Dormant company	£1 Ordinary shares	100
Clark Munro Limited	Dormant company	£1 Ordinary shares	100
Clarke Care Group Limited	Dormant company	£1 Ordinary shares	100
Company Chemists Association Limited	Trade association	£1 Ordinary shares	27
Cross & Herbert (Devon) Limited	Dormant company	£1 Ordinary shares	100
Cross & Herbert (Holdings) Limited	Dormant company	£1 Ordinary shares	100
Cross And Herbert Limited	Dormant company	£1 Ordinary shares	100
Eclipse Healthcare Limited	Dormant company	£1 Ordinary shares	100
Escon (St Neots) Limited	Dormant company	£1 Ordinary shares	100
Evolution Homecare Services Limited	Dormant company	£1 Ordinary shares	100
Expert Health Limited	Online Health	£1 Ordinary shares	100
Farillon Limited	Dormant company	£1 Ordinary shares	100

Admenta Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

24. Other investments *(continued)*

Subsidiary	Principal activity	Class of capital	% held
Firth & Pilling Limited	Dormant company	£1 Ordinary shares	100
Foster & Plumpton Group Limited	Dormant company	£1 Ordinary shares	100
Foster & Plumpton Limited	Dormant company	£1 Ordinary shares	100
G J Maley Limited (*)	Retail pharmacies	£1 Ordinary shares	100
G K Chemists (Glos) Limited	Dormant company	£1 Ordinary shares	100
G K Chemists Limited	Dormant company	£1 Ordinary shares	100
George Staples (Stoke) Limited	Dormant company	£0.01 Ordinary shares	100
GPL 2007 Limited	Dormant company	£1 Ordinary shares	100
Graeme Pharmacy (Stirling) Limited	Dormant company	£1 Ordinary shares	100
Greens Pharmaceutical (Holdings) Limited	Dormant company	£1 Ordinary shares	100
Health Needs Limited	Dormant company	£1 Ordinary shares	100
Healthclass Limited	Dormant company	£1 Ordinary shares	100
Herbert Ferryman Limited	Dormant company	£0.10 Ordinary shares	100
HH Thatcher Limited	Dormant company	£1 Ordinary shares	100
Higgins & Son (Chemists) Limited	Dormant company	£1 Ordinary shares	100
Hill-Smith (Warrington) Limited	Dormant company	£1 Ordinary shares	100
Hywel Davies (Caerphilly) Limited	Dormant company	£1 Ordinary shares	100
Independent Pharmacy Care Centres (2008) Limited	Dormant company	£1 Ordinary shares	100
Inspiron Distribution Limited	Dormant company	£1 Ordinary shares	100
IPCC Limited	Dormant company	£1 Ordinary shares	100
J Bradbury (Surgical) Limited	Dormant company	£1 Ordinary shares	100
J S Dent Limited	Dormant company	£1 Ordinary shares	100
John Bell & Croyden Limited (*)	Retail pharmacy	£0.25 Ordinary shares	100
John Hamilton (Pharmaceuticals) Limited	Dormant company	£1 Ordinary shares	100
Kingswood Chemists Limited	Dormant company	£1 Ordinary shares	100
Kingswood Gk Limited	Dormant company	£1 Ordinary shares	100
Kyle & Carrick (Holdings) Limited	Dormant company	£1 Ordinary shares	100
Levelcrown Limited	Dormant company	£1 Ordinary shares	100
Linford Pharmacies Limited	Dormant company	£1 Ordinary shares	100
Livingston Health Centre (P.D) Co. Limited	Dormant company	£0.01 Ordinary shares	100
Lloyds Chemists Limited	Dormant company	£0.05 Ordinary shares	100
Lloyds Chemists Retail (Northern) Limited	Dormant company	£1 Ordinary shares	100
Lloyds Chemists Retail Limited	Dormant company	£1 Ordinary shares	100
Lloyds Group Properties Limited	Dormant company	£1 Ordinary shares	100
Lloyds Pharmacy Limited (*)	Retail pharmacies	£1 Ordinary shares	100
Lloyds Properties Limited (*)	Property services	£1 Ordinary shares	100
Lloyds Retail Chemists Limited	Dormant company	£1 Ordinary shares	100
Lloyds Pharmacy Clinical Homecare Limited	Healthcare services	£1 Ordinary shares	100
LPL One Limited	Dormant company	£1 Ordinary shares	100
M Payne And Company Limited	Dormant company	£1 Ordinary shares	100

Admenta Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

24. Other investments *(continued)*

Subsidiary	Principal activity	Class of capital	% held
MASTA Limited	Traveller services	£1 Ordinary shares	100
Medical Advisory Services for Travellers Abroad Limited	Traveller services	£0.1 Ordinary Shares	100
Medimart Limited	Dormant company	£1 Ordinary shares	100
Metabolic Healthcare Holdings Limited	Retail pharmacy	£0.0001 Ordinary Shares	100
Metabolic Healthcare Limited	Retail pharmacy	£1 Ordinary Shares	100
Munro Pharmacy Limited	Dormant company	£1 Ordinary shares	100
MyMHealth Limited	Online healthcare	£0.001 Ordinary Shares	8
Newkirk Pharmacy Limited	Dormant company	£1 Ordinary shares	100
Optimed Health Limited	Consulting	£1 Ordinary Shares	100
Palemoda Limited	Dormant company	£1 Ordinary shares	100
Peel Street Pharmacy Limited	Dormant company	£1 Ordinary shares	100
Pharma Services (N.I) Limited	Other information service	£1 Ordinary Shares	50
Pharmagen Limited	Wholesale services	£1 Ordinary Shares	100
Philip Goodman Limited	Dormant company	£1 Ordinary Shares	100
Prescribing Support Services Limited	Consulting	£1 Ordinary shares	100
Prima Brands Limited	Wholesale services	£1 Ordinary shares	100
Primelight Limited	Dormant company	£1 Ordinary shares	100
R.F Foskett & Son Limited	Dormant company	£1 Ordinary shares	100
Sangers (Northern Ireland) Limited	Wholesale distribution	£1 Ordinary shares	100
Savory & Moore (Jersey) Limited (*)	Retail pharmacies	£1 Ordinary shares	90
Savory & Moore Limited	Dormant company	£1 Ordinary shares	100
Scholes (Chemist) Limited	Dormant company	£1 Ordinary shares	100
Statim Finance Limited	Dormant company	£1 Ordinary shares	100
Stephen Smith Limited (*)	Retail pharmacies	£1 Ordinary shares	57
Superfield Limited	Dormant company	£1 Ordinary shares	100
T And I White Limited	Dormant company	£1 Ordinary shares	100
Uscita Limited	Dormant company	£1 Ordinary shares	100
W. Jamieson (Chemists) Limited	Dormant company	£1 Ordinary shares	100
W.H.Chanter Limited	Dormant company	£1 Ordinary shares	100
W.H.C.P. (Dundee) Limited	Retail Pharmacies	£1 Ordinary shares	13
Westclose Limited	Dormant company	£1 Ordinary shares	100
WH Green (Chemists) Limited	Dormant company	£0.05 Ordinary shares	100
Woodside Pharmacy (Glasgow) Limited	Retail pharmacy	£0.25 Ordinary shares	100

(*) denotes a direct investment held by Admenta Holdings Limited. All other listed investments are indirect investments of Admenta Holdings Limited.

25. Events after the end of the reporting period

In November 2021, McKesson Corporation announced an agreement to sell its UK businesses to AURELIUS, an asset management group which has a proven track record and focus on operational excellence. The transaction is expected to close in fiscal 2022, subject to closing conditions, including receipt of required regulatory approvals.